BUSINESS

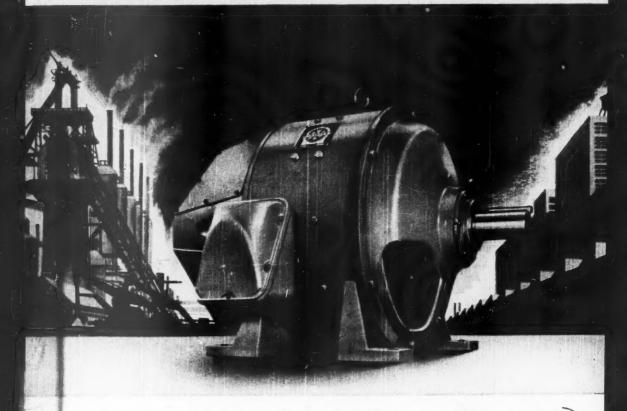
Substitute Materials
HOW INDUSTRY IS TACKLING IT



A M. GRAW HILL PUBLICATION

DEC 30 1950

The Toughest Motors Ever Built...



...for the toughest jobs in plant, mill or mine

Reliance has concentrated on the manufacture of motors for constant and adjustable-speed operation for nearly 50 years. Working with users of motor drives in every industry, Reliance engineers have constantly improved their basic heavy duty design to maintain the recognition of Reliance Type 'T' as "The Toughest Motors Ever Built". Proof of this recognition lies in the fact that they continue, year after year, to be the workhorses of American industry. When these tough Type 'T' Motors are put to work for you they will prove their ability to deliver dependable power—longer.

Sales Representatives in Principal Cities

RELIANCE ENGINEERING CO.

1069 IVANHOE ROAD . CLEVELAND 10, OHIO

RELIANCE

TYPE 'T' HEAVY DUTY

D-C. MOTORS

Facts behind their outstanding durability

IN BULLETIN C-2001. WRITE FOR IT!



IN A BUSINESS DEAL there are often three parties involved —the man who got the order, the man who got consideration, and the man who wasn't even called in.

Usually the "Third Man" is the representative of a company that neglected to replace obsolete equipment with today's high productive machines . . . a company that can't stand up against alert competition.

When metalworking orders are involved, No. 1 and No. 2 get the business and you will find that they represent the plants with the most up-to-the-minute tools.

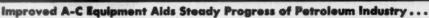
Don't be caught whistling the "Third Man Theme."

Put your plant on a profit-making basis by getting an analysis of what can be done in your shop to increase efficiency ... reduce production costs. Call your nearest Warner & Swasey representative today.



Warner & Swasey Sells One Thing ...
INCREASED PRODUCTION

THEY'RE POPPIN' UP





Today's deeper wells call for bigger Texrope V-belt drives on mud pumps. A-C, as originator of multiple V-belt drives, is best prepared to provide the type or size that's needed.

Texiops is an Allie-Chalmers Trademark

New 1500-mile pipeline takes petroleum from Texas to Illinois. Allis-Chalmers 400 pp. explosion-proof motors drive booster pumps. Unique tube-type construction cuts maintenance.





One of world's largest water conditioning installations is in midwest oil refinery. Third of five identical hot processing conditioner units is now being installed by A-C.



America's strength, prosperity and good living have been paced by rapidly expanding generation and utilization of electric power.

ALL OVER...

War the man-made mushrooms? To hold the precious products of petroleum in store for you!

Every second of the day 4,000 gallons of petroleum pour from America's oil wells . . .

Every 25 minutes a new producing well starts operation . . .

New storage tanks, new pipelines, new tank cars and tankers, are poppin' up all over to keep this tremendous output on tap for you.

At every step of petroleum production—from oil well to refinery, through storage and transportation—Allis-Chalmers helps solve many problems of expansion and modernization... with pumps, motors, power and processing equipment.

You'll find, too, that the trademark "A-C" is prominent in every industry contributing to your good living today.

ALLIS-CHALMERS MANUFACTURING COMPANY 901 South 70th Street, Milwaukee 1, Wisconsin

Photo relations of Shell Oll Co

ALLIS-CHALMERS

One of the Big 3 in Electric Power Equipment— Biggest of All in Range of Industrial Products



Ask to see the 30-minute Towmotor movie, "THE ONE MAN GANG" in your office. Shows how leading industries cut handling costs.

BUSINESS WEEK

EDITOR & PUBLISHER, Elliott V. Bell MANAGING EDITOR Edgar A. Grunwald EXECUTIVE EDITOR Kennerh Kramer

ASST. MANAGING EDITOR Robert B. Colborn ASSOC, MANAGING EDITOR John L. Cobbs

DEPARTMENT EDITORS

Basiness Onthera English Pineace, William McKee Gillingham * Foreign, Howard Whiden * Illiastration, James C. Nelson, It, * Industrial Production, John Sasso * Labor, Metlyn S. Pircele * Law, Joseph A. Gestral * Akabasing, Carl Risser * Regional Reports, Richard M. Machol * Ter Trans, Galtriel S. Hauge * Agriculture, Arthur I. Moore

NEWS EDITORS

Stanley H. Brown, Cora Catter, Frank J. Fogarty, John Harshorne, Guy Shipler, Jr. * Photography, Dick Wolters

EDITORIAL ASSISTANTS

J. P. Chamberlain (Asst. Finance Editor). Jean Drummond, Mary Flaherry, William B. Franklin, Charles M. Garvey (Asst. Industrial Production Edi-tor), Jean E. Heckelman, John Hoffman, Mary Ma-gaire, Katherine McGowan, Paul R. Miller, Jr. (Asst. Foreign Editor), Beatrice Mulin, Arrbur Rich-ter, Edward T. Townsend (Asst. Labor Editor), Doris I. White * Statisticias, Gertrude Charloff * Librarias, Mildred L. Washburn

ECONOMICS STAFF

Dexter M. Keezer, William F. Butler, Peter French, Robert P. Ulin, Stanisław H. Wellisz

DOMESTIC NEWS SERVICE

DOMESTIC NEWS SERVICE

Cbicago Bareau, James M. Sutherland, Mary B. Seephenson, Dorothy Miller * Cleveland Bareau, Robert E. Cochran * Detroit Bareau, Stanley H. Berms Los Angeles Bareau, Thomas M. Self * Pittiburgh Bareau, Richard N. Larkin * San Francisco B. Byrant, J. Glen Bayles, Berne Field, Gross B. Byrant, J. Glen Bayles, Berne Field, Gross B. Byrant, J. Glen Bayles, Berne Field, Gross B. Byrant, J. Glen Bayles, Gross Field, Gross G. Gross Ross, Vincent Smith Caroline Robertson, Ron Ross, Vincent Smith * Corretpondents*: Akron, Albuquerque, Atlanta, Baltimore, Bango, Birmingham, Boston, Buffalo, Charlon, Cincinnatt, Columbus, Dallas, Denver, Det Moines, Cincinnatt, Columbus, Dallas, Denver, Det Moines, Houston, Indianapolis, Kansas City, Knoxville, Louisville, Maglison, Memphis, Miami, Minneapolis, New Orleans, Norfolk, Oklahoma City, Omaha, Philadelphia, Pittsburgh, Portland, (Ore.), Providence, Richeson, Rochester, Saft Lake City, San Diego, Seattle, St. Louis, Syracute, Wichita, Wilmington, Honolulu

FOREIGN NEWS SERVICE

FOREIGN NEWS SERVICE

Bditter, Russell F. Anderson * London, Frederick
Brewsete * Paris, Boyd France * Frankjurt, John
Christie * Mexico City, John Wilhelm * Moscow,
Andrew Steiger * Tokyo, Alpheus Jesup * Mehoware, Herbert Leopold * Bombay, Philip Crewwolder,
Rio de Jausiro, Joseph Van Denburg, Jr. * Bosono,
Airst, Herbert M. Clark * Correspondents: Ansacc,
dam, Bangkok, Batavis, Bogota, Cairo, Caracas,
Copenhagen, Geneva, Johannesburg, La Paz, Lind,
Copenhagen, Geneva, Johannesburg, La Paz, Lind,
ago, Shanghai

ADVERTISING & BUSINESS MANAGER Herman C. Sturm

BUSINESS WEEK . DECEMBER 30 . NUMBER 1113

(with which are combined The Annalist and the Magazine of Business) • Published weekly by Motiraw-Hill Publishing Company, Inc., James B. Agolyaw Had-Publishing Company, Inc., James B. Agolyaw Hadward Company, Inc., James B. Agolyaw Hadward Company, Albany, N. Y. • Editorial and Executive Offices, 350 W. 48nd St., New York 18 • Cutris W. McGraw, Praident, Willard Cheralter, Executive Vice-Precident, Joseph Servetary; Paul Montgomery, Senior Vice-Preddent, Publications Division; Raiph B. Smith, Editorial Director; Nelson Bond, Vice-President and Director of Advertising.

Subscriptions to Business Week are solicited only from anagement-men in business and industry. Position and impany connection must be indicated on subscription

Single copies 28c. Subscription rates — United States and possessions 56.00 a year: \$12.00 for three years. Canada 57.00 a pear; \$14.00 for three years. Canada 57.00 a pear; \$14.00 for three years. Pan American countries \$10 a year; \$20.00 for three years. • All other countries \$10 a year; \$20.00 for three years. • Entered as second class matter Dec. 4. 1936, at the Post Office at Albany, N. Y., under Act of Mar. 3, 1879. • Printed in U. S. A. Copyright 1950 by Mediraw-Rill Publishing Ca., Inc.—All Richte Beavred.



"WE CHANGED TO AIR TOOLS BECAUSE EMPLOYEES DEMANDED THEM"

AN APPLICATION OF KELLER AIR TOOLS

Yes, sometimes employees tell management which tools they should use.

That was the case in a factory that makes record changers. Here the assembly workers handle scores of small parts, fastening them with nuts. Here, one day, the foreman set up an air powered Keller Nut Setter to replace the tool formerly used.

The reaction was immediate, and enthusiastic, because the new tool was lighter, easier to handle, less tiring. The word spread along the assembly line. More workers asked for Keller Nut Setters, and got them.

That was two years ago. Today there are more than forty Keller tools on just one assembly line—many times forty in the entire shop. The whole plant has been "Kellerized."

Workers are better pleased and turn out more work with less effort. That has brought down assembly costs, so management is happy too.

The same story is heard over and over as Keller Tools go to work in hundreds of manufacturing plants. Keller engineering and Keller Tools DO make a difference.



Air Tools engineered to industry

KELLER TOOL COMPANY, GRAND HAVEN, MICH.

AIR MOTORS . AIR HOISTS . AIR HAMMERS . COMPRESSION RIVETERS . GRINDERS . DRILLS . SCREW DRIVERS . NUT SETTERS





You'll find the familiar bicarbonate of soda in your medicine cabinet also serving in your baking powder and probably in your dentifrice and your fire extinguisher.

Manufacturers of these and other products have found Wyandotte Sodium Bicarbonate meets their exacting requirements for free flowing ability, smooth blending and consistent particle size. Every batch of this fine chemical is produced under constant laboratory supervision. In the several screen sizes, all of U.S.P. quality, uniform particle sizes range from powdered to coarsely granular—to meet varying production problems of customers.

In the food industry, Wyandotte Sodium Bicarbonate finds uses in self-rising flours, in effervescent beverages, as a leavening agent in breakfast cereals.

In the same modern plant which produces the U.S.P. grade, Wyandotte makes industrial "bicarb" for the feed and other industries.

Other applications for Wyandotte Sodium Bicarbonate include its use in the sponge rubber for your mattresses, chairs and automobile seats, as well as in the chemical and leather industries.

Get the full deteils on the properties and uses of this versatile Wyandotte chemical. Write to our Technical Service Department,



WYANDOTTE CHEMICALS CORPORATION
Wyandotte, Nich. - Offices in Principal Cities

Wyandotte Chemicals Corporation is one of the world's major producers of soda ash, caustic soda, bicarbonate of soda, chlorine, dry ice and cakium carbonate. Wyandotte produces glycols and related compounds, certain aromatic sulfanic acid derivatives and other organic intermediates. Wyandotte is also the world's largest manufacturer of specialized cleaning compounds for business and industry.

Highlights In This Issue

Back to Isolation?

• What's behind the new pressure for a revision of U.S. foreign policy? How influential is it? What's the Administration position? P. 19

Car of the Future

• A canny eye can detect some significant trends in General Motors' spectacular "1960 model." P. 22

More Borrowing

 For months now, bank loans have been climbing like a homesick angel. Who's borrowing all that money, and why?

Cigarette Race

• BUSINESS WEEK'S yearly report on how the contenders stand in the bitterest contest for sales in American business. P. 53

War Baby

• The airlines can see lots of profiteven after taxes—in the surge mobilization will give their traffic. P. 58

All Over the World

 War overshadows business prospects in just about every nation. A yearend roundup by cable from our foreign correspondents.
 P. 73

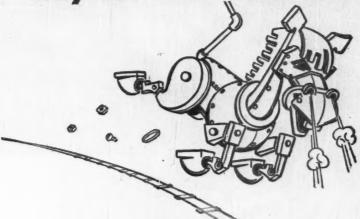
Index Control

 Looks as if the only way to stabilize wages will be to stabilize the cost of living.
 P. 25, 64

THE DEPARTMENTS

Business Abroad	73
Business Outlook	9
Defense Business	30
Finance	58
International Outlook	71
Labor	6-
Management	30
Marketing	53
The Markets	62
New Products	46
Production	38
The Trend	80
Utilities	48
Washington Outlook	15

hay for the Iron Horse



Off-hand you might not guess it, but we're old friends of the iron horse. Our heavy fuel oil makes steam in many locomotives. In many more, our diesel fuel puts horsepower on the drawbar. Check further—and you'll see our oils and greases keep railroads rolling smoothly.

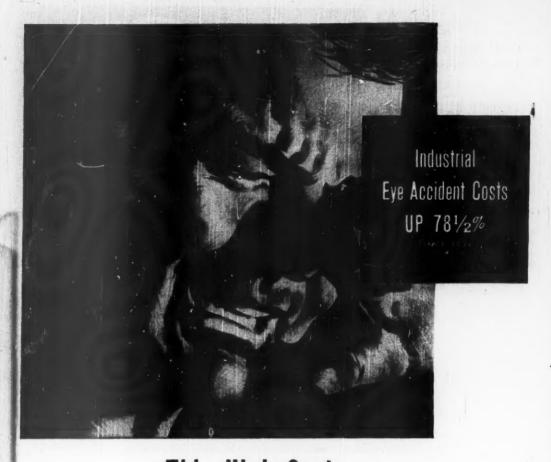
Look at rail terminals, too, where trucks pick up shipments for customer delivery. Here Phillips 66 Gasoline and Heavy Duty Motor Oil add their economy and reliability to American transportation.

All along the railroads, you see the evidence that Phillips makes wheels roll with the "roll" in petroleum. If you are concerned with fast, efficient transportation, write us about our fuels, oils and greases. K. S. Adams, President, Phillips Petroleum Company, Bartlesville, Oklahoma.

PHILLIPS PETROLEUM COMPANY

Bartlesville, Oklahoma

WE PUT THE POWER OF PETROLEUM AT YOUR SERVICE



This High Cost... without a Friend among Management or Workers— Can Be Cut Immediately!

INDUSTRIAL eye accidents occur at the rate of two a minute. They average more than \$5 per employed worker per year in cost. In the campaign to maintain production, wages and profits at rewarding levels, an American Optical Company eye protection program that can prevent 98%

of these accidents merits serious consideration. (One large company saved over \$44,000 annually with an AO program.)

Your AO Safety Products Representative has complete case histories showing how much the AO program does and how little it costs! Ask him to call.



American D Optical SAFETY PRODUCTS DIVISION

BUSINESS OUTLOOK

BUSINESS WEEK DECEMBER 30, 1950



Business is bound to boom throughout 1951. Even if Russia were to turn completely peaceful, it's doubtful that we would slow down arming.

But it won't be a pleasant boom of the 1948 type. Regulation will be piled an regulation. Materials and manpower will be problems. And inflation will continue to plague the nation.

Moreover, any predictions made now have to presume that Russia won't try our patience beyond endurance—starting the real war.

Value of all goods produced and services rendered will total \$300-billion next year. That stands—even if prices are fairly successfully controlled. The value now is running at a \$285-billion annual rate.

Physical volume of production has leveled off recently. Materials pinches and the beginnings of conversion are holding us back.

There might even be a slight dip early next year.

But output won't go off much from the Federal Reserve Board's recent index number of 215. And any dip will be brief.

Then, in the fiscal year beginning next July 1, government spending will rise to about \$70-billion. That will take close to 25% of our total product—beyond which we probably can't go for any great period of time.

Consumers will have more than \$200-billion to spend-after taxes.

And, what's more, they'll spend it. The recent drop in saving shows that. In the first quarter of 1950, more than 7½% of income, after taxes, was saved; but the rate dropped to 3.1% in the third quarter.

Meanwhile, there will be fewer things to spend the money on.

That will create pressures in all directions. But, mainly, spending will have to switch from consumers' durables to soft goods.

Stockholders may not do quite as well in 1951 as they did in 1950.

Costs of doing business will continue to rise. And, at the other end of the line, taxes will take a bigger bite.

Meanwhile, management has to find the money for the rapid expansion of new plant and equipment. A lot will come from earnings.

All this adds up to a squeeze on dividends.

Two classes that are bound to prosper in 1951 are wage earners and farmers.

Factory employment will certainly expand—probably from the present 153/4-million to around 17-million. Many workers will be upgraded as skills get scarcer. And everyone will draw more overtime.

Farm income gets a two-way stretch. We will need to grow more food and fiber. Thus, with average weather, farmers will have more to sell. And their selling prices should be 8% to 10% higher next year.

Value of farm output should top the record \$301/2-billion of 1948.

There should be no shortage of foodstuffs or textile fibers (except wool) in 1951.

Livestock numbers (except sheep) are almost as high as they have ever been. Meat animals bring high prices, and feed is relatively cheap.

That combination should encourage higher livestock output.

Restrictions are off the planting of bread grains, feedstuffs, and cotton.

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK DECEMBER 30, 1950

With wheat around \$2.30 a bu. in Chicago and cotton around 43¢ a lb. in New Orleans, there isn't much doubt that plantings will be large.

Ample food and textiles aren't so sure beyond 1951. The armed forces are scheduled to number over 3½-million by then—with requirements up proportionately. And we will have drawn down present large inventories.

Thus, though production will continue high, any wave of scare buying could create shortages and bring the day of rationing nearer.

Nobody knows yet what the cutbacks in consumers' durable goods will be. Some auto men, for example, say 25%—and a few 35% and 40%. Guesses by TV set makers run as high as 50%.

It's perfectly clear, though, that metals will impose limitations.

Iron Age reports that one steel company figures 25% to 30% of its output already is earmarked for war or war-supporting consumers. And mill men generally say they are cutting civilian orders deeper and deeper.

The story on copper and aluminum is in the same vein.

Steel production in 1950 apparently has set a new high—in the neighborhood of 95-million tons. With added capacity in 1951, and perhaps fewer interruptions in output, a mark of 100-million tons is possible.

Production records set by the auto industry may stand for a long time.

The 1950 total for passenger cars apparently is close to 6.7-million.

Add on 1.3-million trucks, and it's an 8-million-unit year. At times during the year, weekly output hit on annual rate of over 10-million units.

It may be that truck output, counting military orders, won't fall off much in 1951. But the number of autos will.

It's hard to imagine the government (for psychological reasons, if nothing else) permitting more than 4-million autos to be made in 1951.

Total construction for 1950 is believed to have broken all records with a value of about \$27-billion.

This, the Dept. of Commerce figures, will drop by about 20% in 1951 to a total around \$22½-billion. But for some increase in federal construction, the decline would be even steeper.

Government estimates of the value of new residential construction by private builders in 1951 are down 46%.

If that percentage is applied to new dwelling units to be started in the coming year, it would indicate a drop to 700,000 from this year's 1,300,000. (Some builders are even more gloomy, predicting a scant 400,000.)

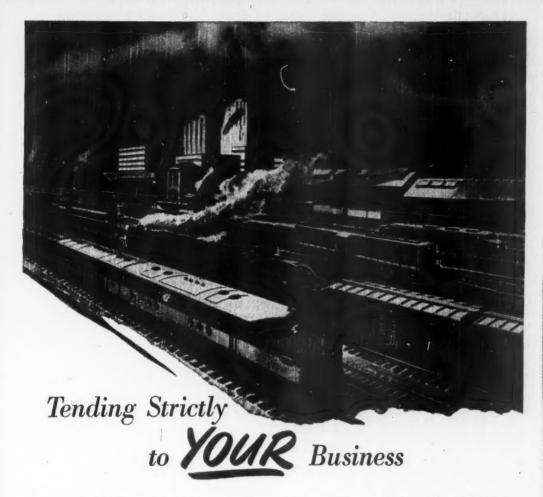
The drop in starts, though, may not be as deep as the drop in value.

The present mortgage rules are designed to curb the higher-priced homes particularly.

Washington expects huge demand for petroleum in 1951—but shortages can be avoided if the sea lanes are kept open.

This will keep the oil industry pumping. Domestic output is pegged at an average of 6.2-million bbl. a day—nearly 300,000 more than we ever produced before. And net imports of 750,000 bbl. a day are needed.

Contacts assertibled under the control expectable on the Day, 30, 1800, Issue-Business Week, 239 W. 42nd St., New York, H. 1



Maybe you didn't recognize it at first . . . but the picture shows a segment of a very important division of your business!

The complete division represents an investment of over 20 billion dollars. It operates over 200 thousand miles of railroad line. It utilizes almost 2 million items of rolling stock, comprising over 40 types of cars, and a dozen types of locomotives for a dozen basic assignments—each specialized to tend to your business better.

Such a variety of equipment naturally calls for a

variety of brakes—and the research and development program of Westinghouse Air Brake Company has always had them ready when the need arose. The widely differing requirements imposed by a "streamliner" and the heavy tonnage freight train are efficiently met by modern Westinghouse Air Brakes.

Railroad history is a history of continuing progress. You can be sure that tomorrow's trains will offer you something more in benefits—and that Westinghouse Air Brakes will contribute to the smoothness and safety of any journey that you and your products make.

Westinghouse Air Brake Co.





LIONEL "switches" to SPEED NUTS

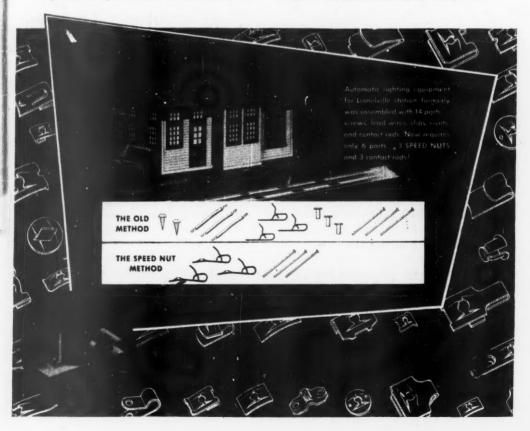
... cuts assembly costs 46%

Special SPEED NUTS open "clear track" to savings for Lionel Corporation by eliminating 8 parts—speeding up bottleneck operation—greatly reducing assembly and shipping damage!

All this came about because Lionel engineers were looking for a simpler, better way to install automatic train control mechanism in "Lionelville" stations. Because of their long and successful experience with Tinnerman fasteners, they turned to SPEED NUTS for this assembly. As a result, 3 special multiple-function SPEED NUTS were

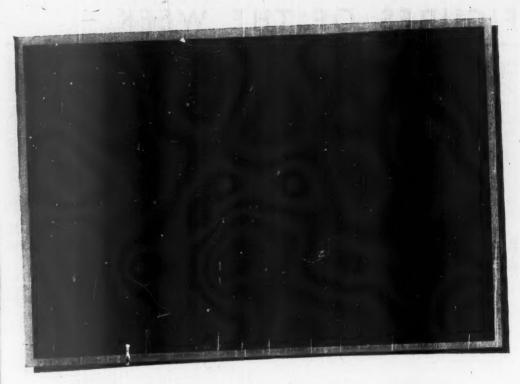
designed to replace 11 of the parts then used. This simplified SPEED NUT assembly method accomplished the following: 46% assembly savings, 2% material savings, and 25% savings on assembly and shipping damage.

Like Lionel, you may find that SPEED NUTS are the most economical, simplest, most reliable fastening method. Ready to supply valuable assistance are Tinnerman sales offices coast to coast. Phone today . . . meanwhile, write for your copy of SAVINGS STORIES. TINNERMAN PRODUCTS, INC., Box 6688, Cleveland 1, Ohio. In Canada: Dominion Fasteners Ltd., Hamilton. In Great Britain: Simmonds Aerocessories, Ltd., Treforest, Wales.



FIGURES OF THE WEEK

20 20 100 100 100 100 100 100 100 100 10	SEE WERLLY CHART	 		1928	15 - 10	200 220 210 210 200 190 180 170 180
		§ Latest	Proceeding Week	Month	Year	1947 Average
Business Week Index (abo	ve)	*229.8	†229.8	224.8	190.7	162.2
PRODUCTION						
Steel ingot operations (% of capacity)		100.1	100.8	81.7	97.3	97.3
Production of automobiles and trucks		160,431	1172,307	122,683	116,567	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily	av. in thousands)	\$61,940	\$68,425	\$36,924	\$27,996	
Electric power output (million kilowatt-hours)		7,033	6,985	6,508	5,994	3,130
Crude oil and condensate (daily average, 1,000 bbls.)		N.A.	5,723	5,888	4,995	3,842
Bituminous coal (daily average, 1,000 tons)		1,948	1,903	1,974	1,509	1,685
TRADE . *						
Miscellaneous and l.c.l. carloadings (daily average, 1,000	cars)	77	77	81	66	86
All other carloadings (daily average, 1,000 cars)		51	51	58	40	52
Money in circulation (millions)		\$27,929	\$27,759	\$27,450	\$27,833	\$9,613
Department store sales (change from same week of preced		+9%	+2%	+8%	+2%	+17%
Business failures (Dun & Bradstreet, number)		174	150	146	196	228
PRICES (Average for the week)						
Cost of Living (U. S. Bureau of Labor Statistics, 1935-193	9 - 100) Nov . 175.6			174.8	168.6	105.2
Spot commodities, daily index (Moody's, Dec. 31, 19		511.7	498.9	479.5	347.4	198.1
Industrial raw materials, daily index (U. S. BLS, Aug., 19		353.8	351.0	336.5	223.3	138.5
Domestic farm products, daily index (U. S. BLS, Aug., 19	39 == 100)	382.8	374.5	359.4	298.4	146.6
Finished steel composite (Iron Age, lb.)		4.131¢	4.131¢	3.837≠	3.836¢	2.396∉
Scrap steel composite (Iron Age, ton)		\$45.13	\$45.13	\$40.75	\$26.58	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)		24.500¢	24.500¢	24.500¢	18.500¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.)		\$2.36	\$2.34	\$2.24	\$2.21	\$0.99
Sugar, daily price (raw, delivered New York, lb.)		6.37¢	6.34¢	6.17¢	5.74¢	3.38∉
Cotton, daily price (middling, ten designated markets, lb.)	43.20¢	42.88#	42.95¢	30,61¢	- 13.94¢
Wool tops (Boston, lb.)		\$3.50	\$3.45	\$3.35	\$2.00	\$1,41
Rubber, daily price (ribbed smoked sheets, New York, lb.)	74.25¢	69.90¢	65.75¢	17.94¢	22.16
FINANCE						
90 stocks, price index (Standard & Poor's Corp.)		159.4	156.4	158.4	132.1	78.0
Medium grade corporate bond yield (Baa issues, Moody'		3.1996	3.21%	3.21%	3.29%	4.33%
High grade corporate bond yield (Aaa issues, Moody's)		2.66%	2.67%	2.66%	2.58%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily avera		11-11%	14-11%	11-1196	11-11%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (pre-	evailing rate)	11%	11-11%	11-11%	14-11%	1-1%
BANKING (Millions of dollars)						
Demand deposits adjusted, reporting member banks		51,751	51,676	49,850	48,254	++27,777
Total loans and investments, reporting member banks		71,380	70,301	69,668	67,412	1132,309
Commercial and agricultural loans, reporting member bar		17,801	117,461	16,988	13,864	116,963
Securities loans, reporting member banks		2,204	2,230	2,204	2,073	++1,038
U. S. gov't and gov't guaranteed obligations held, reportis		33,810	33,439	33,306	37,657	1115,999
Other securities held, reporting member banks		6,424	6,302	6,326	5,054	114,303
Excess reserves, all member banks	*************	930	1,150	610	814	5,290
Total federal reserve credit outstanding		21,864	21,344	20,162	19,508	2,265
*Proliminary, week ended Dec. 23. †*Estimate (BW-jul.12'47,916).	*Revised.	Date for "Latest Week" on each series on request. N.A. Not available at press time.				



"HERE'S YOUR FIRST PATIENT, NURSE!"

"I was the new plant nurse, with a room full of first-aid equipment and armed with instructions from the doctor in charge. But the men completely ignored me. Maybe they were scared of anything that looked medical, or were just plain aby. On the third day I decided that if the men wouldn't come to me, I would go to them.

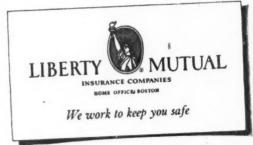
"I went out into the shop, getting acquainted. I talked to the men not only about their work, but about their homes, their youngsters. I wasn't nosey, and I didn't throw my weight around. I was just friendly and interested.

"Joe was the one who helped me break the ice. He was the most popular man in the shop, so I told him frankly what I was up against . . . that I was there to help the men . . . to dress their cuts and treat their bruises . . . to save them from long and painful injury and sickness which can result from infection and neglect. More important, I was there to help them with health problems — their own or their family's. That's the part of industrial nursing which is of greatest value to workers and plant.

"The very next day Joe burst open the door, carrying bodily a young fellow with a dirty handkerchief over a freshly cut thumb. 'Here's Mike,' he said. 'He wants to be your first patient, nurse!'

"Well, Mike is a friend now, too, and so are all the men. And we've accomplished a lot more than just dressing cuts. I discovered that lots of men didn't eat breakfast, that others were suffering from neglected colds, or were worrying about family health problems. They talk to me now about these problems because they have confidence in me, and I've been able to help a lot. You ought to see how absenteeism has dropped too!"

As a pioneer in industrial nursing, Liberty Mutual assists in training registered nurses for both full-time and part-time services under supervision of physicians. Industrial nursing helps to prevent accidents, and it promotes good health both on and off the job. In many plants where industrial nursing has been established, lost-time accidents have dropped as much as 50 per cent. Industrial nursing is another example of Liberty Mutual's pace-setting leadership in making industry a safer, better place to work.



LIBERTY MUTUAL INSURANCE COMPANY LIBERTY MUTUAL FIRE INSURANCE COMPANY

* We work to keep you safe ... by providing protection for business, home and car owners ... by removing the causes of home, highway and work accidents ... by relieving the pain and financial burden of accidents by prompt and friendly handling of claims.

WASHINGTON OUTLOOK

WASHINGTON BUREAU DEC. 30, 1950



You can begin now to anticipate major congressional actions and take them into account in current planning. The slate for the new session is top-heavy with "personal" legislation which will deeply affect your private and professional life during the emergency.

First, look at Congress itself. The elections last November made big changes in the House and Senate—pared Truman's following to the bone.

In the House, the division will be 234 Democrats, 199 Republicans, and two minor party members. The Democrats lost nearly 30 seats.

In the Senate, the Democrats will have 49 seats, and the Republicans 47. That's even narrower than the prior 54-42 split.

Still, these statistics are more spectacular than meaningful. Even with his big majorities in the 81st Congress, Truman didn't have control. So his thinner margins in the 82nd mean little in terms of power. There's no way he can head off a challenge by Congress of his leadership in foreign policy or mobilization.

The Fair Deal is shelved for the duration. Truman won't insist on action on his "deal" measures. On the other hand, he will keep them alive on the off chance he might need domestic issues in the 1952 elections.

Taft-Hartley repeal has no chance—though improvements in T-H could be made if Truman would take compromises he previously refused.

Government medicine isn't likely to reach the hearing stage, let alone come to the floor for a vote. But the bills will be reintroduced.

The Brannan farm plan is out, too. But watch for a substitute, calling for subsidies as a way to hold food prices down.

Wage-price control powers won't expire June 30, as provided by law. Congress will vote an extension, and may order general wage-price ceilings—unless the stabilizers put them on earlier under their permissive powers. Congress is impatient with "gradual" stabilization.

Rent control will get another extension. But it isn't at all certain that Truman can win a tougher law than the one now on the books.

How long to extend the emergency powers is a matter of much debate. Most congressmen favor lengthening them a year at a time. That gives Congress more control over how the powers are used. But there's a big political objection to year-at-a-time grants: Congress would have to make its next decision in 1952, ahead of the presidential elections. And it remembers how Truman made those who were against revival of price controls sweat in 1948.

So you may get two-year extensions, with use of the powers in the second year subject to a finding of necessity by Truman.

The draft law will be broadened beyond the present 19 to 25 age limits. There simply aren't enough eligibles in this group to meet military needs for long, even if Truman drops his ban on taking family men.

The 18-year olds are preferred by the military to men over 25. Drafting teen-agers has the least impact on family life and on the economy.

Reserve officers: Calls for volunteers now are backed with threats of "orders." The need is for captains and lieutenants.

WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU DEC. 30, 1950 More National Guard Units will be ordered up under our commitment to put more men in Europe at an early date.

Government experts figure manpower shortages will become general in the second half. That's when the armed services are supposed to top 3-million, and the defense program will be starting to roll. Ways and means to stretch the labor force are under active consideration.

A longer work week is at the top of the list, though the unions will balk at any suspension of overtime after 40 hours.

Nursery schools, similar to those of World War II, may be provided to lure women employees. The big pool is in the under-35 group—the mother age.

An extra tax credit for working housewives is being talked up as an inducement. But the Treasury may block it as "class distinction."

Job control by law probably won't be attempted, short of a big war. However, the 1,800 United States Employment Service offices may be put back under federal control, with instructions to give preferences to "essential" businesses. Too, cutbacks in civilian production will tend to force workers into defense lines.

A word of caution on taxes: Don't take the White House hint that Truman may have no tax recommendations in January to mean that there will be no tax hike in 1951. All the White House meant was that Truman might not have his tax plans ready in January. This is the background:

The new budget may be late. Usually it goes to Congress in the first few days of the session. But this time it may not go up until after mid-January because of uncertainty over the military program. And until the budget is prepared and the size of the deficit indicated, the plans for a tax rise can't be firmed up.

A new contract-renegotiation law is in prospect. The aim is to tighten up by eliminating the exemptions now granted on raw materials (except that raw farm products would still be exempt), construction, and contracts let by competitive bidding. Note: The plan is to make the new law apply to contracts now outstanding, both prime and subcontracts.

A storm is brewing over Truman's leadership. It seems sure to break early in the new session, and it will cut across party lines.

On foreign policy, Hoover posed the issue, and provided a rallying point for those who think our commitments abroad are bigger than we can back. There's little chance that aid to Europe will be stopped. But the debate may force Truman to clarify his aims, and persuade our allies that the time has come when they should make a bigger effort for themselves.

On mobilization, the issue is all-out vs. Truman's limited program. Congress is in a mood for full conversion for war—without much thought of regimentation now, and possible collapse later, if Russia turns peaceful or merely delays a showdown.

Truman has been slow in letting Congress in on his objectives. And unless he does it now, he may be forced further than he wants to go, regardless of the consequences.



this "pipe organ" plays a POWERFUL tune for you!

This picture shows the "works" of a modern boiler attached to a huge power generator that turns out electricity from coal to the tune of 150,000 kilowatts—enough to operate 800,000 washing machines simultaneously!

In these 12 miles of pipe, rising 10 stories above the ground, water is turned into superheated steam by burning coal. The steam runs turbine-driven generators which produce electricity for home, farm and factory.

More than half of America's electricity is generated from coal. This past year more than 90 million tons of coal went into making that electricity. That adds up to nearly one-fifth of the entire mine output of bituminous coal in 1950.

America is fortunate in having all the coal it needs to make all the electricity it wants. It is doubly fortunate in having an industry that can produce that coal in volume—efficiently and economically.

The American coal industry is made up of thousands of independent mine operators. In recent years, these progressive operators have invested hundreds of millions of dollars in new mine properties and mechanized equipment, in coal preparation plants and research—to bring all coal customers an increasingly better product for more economical utilization.

Today, no industry in America is better prepared than coal to meet the ever-increasing demands of both civilian and national defense production.

Granted a continuing supply of necessary equipment, transportation and trained man power, America's independently owned and operated coal mines will produce all the coal that's needed to continue to power the nation's progress, in peace or war.

BITUMINOUS 🗳 COAL

A DEPARTMENT OF NATIONAL COAL ASSOCIATION

WASHINGTON, B. C.

Wherever your plants are located



BUSINESS WEEK

NUMBER 1113 **DECEMBER 30, 1950**



Hoover wants Europe to fend for itself.



CHALLENGER to U.S. foreign policy: ANSWERS: New U.S. ties with Europe. William Batt (left) will represent U.S. on new NATO Defense Production Board, while Eisenhower will head Atlantic defense forces.



Shaping a New Approach to Europe

U.S. has retreated a way in policy of containing Russia in Asia. Congress will have to decide on whether we retreat in Europe.

Containment of Russia has been the basic principle of U.S. foreign policy since 1947. But today, largely as a result of our reverses in Korea, that policy is fighting for its life, both in Congress and out.

During the next few months Congress will decide whether to keep or scrap the Truman-Acheson strategy of committing U.S. strength to help dam the Red tide in Europe and Asia.

· Yielding-Chinese Communist intervention in Korea has already changed the containment program some. U.S. officials no longer talk of halting Communist conquests on the mainland of Asin. Even in Europe there has been some retreat, especially on the German rearmament issue.

• Unyielding-In Western Europe, though, Administration policy still stands pretty much intact. U.S. leadership in the defense agreement reached last week in Brussels proves that. So do Administration plans to send five U.S. divisions to Western Europe by the end of 1951, and merge the Marshall Plan into an \$8-billion to \$10billion military aid program.

I. The Hoover Approach

It's this U.S. role in the defense of Europe that will bring the big fight in Congress. Administration critics think

Truman and Acheson aren't beating a fast enough retreat in that area. Last week former President Herbert Hoover urged that we let the European Continent look after its own defenses-because the U.S. can't afford to risk large forces now. Some Washington observers think the Hoover view may gain enough congressional support actually to force the Administration to pull out of Europe entirely. At the least, the opposition will put the Administration on its mettle.

• Reversal-What the Administration fears most is this: that Congress will give only half-hearted backing "to its defense plans. Officials think this would just repeat our basic mistake in Asia, with Congress and the Administration in reversed roles. In the case of China, the State Dept. opposed military aid to Chiang-Kai-Shek. Republicans in Congress fought for large-scale aid. Result: The Senate compromised on a \$125-million grant to Chiang, and the Administration continued to disavow the Nationalist leader.

II. The Brussels Agreement

As the Administration sees it, the whole U.S. policy in Europe since 1947 is at stake-the Marshall Plan, the North Atlantic Treaty Organization, and now the Brussels agreement. The

goal in each case was the same: to keep Western Europe's resources out of Stalin's hands, lest he gain enough power to outproduce the U.S.

As things look now, what Congress will do will depend largely on whether Europeans start translating the Brussels agreement into concrete actiontraining manpower and producing arms. • Terms-At Brussels the conferees agreed to three things:

• To appoint General Eisenhower as supreme commander of the Atlantic defense forces;

• To set up a Defense Production Board to coordinate the output of arms in Western Europe;

• To look for a way to allocate

scarce raw materials.

• 12 Against 50-But Brussels hasn't brought the proposed 50-division Western European army any closer. Eisenhower takes command of the equivalent of 10 to 12 divisions in Western Europe, including a little better than two U.S. divisions. Against this force, Russia today has 50 divisions in East Germany and Poland alone.

Any sizable reinforcements for Eisenhower in 1951 will have to come mostly from the U.S. and Britain. According to present plans, the U.S. will put five divisions-plus more air power-into Western Europe by the end of 1951. The British have promised three more divisions in West Germany by mid-1951. (Some 20,000 British troops have already been moved to the Continent.)

Because of the wrangle with France

over German rearmament, not a single 6,000-man West German combat team (the largest German unit the Allies could agree on) will be equipped and trained before the end of 1951.

The French government has agreed to mise 20 new divisions by 1953, but Pleven hasn't even got his rearmament program before the Chamber of Deputies, much less through it.

· Attitude-Unless the French begin moving early next year, there's a real danger that the whole Brussels plan will fall apart. Still, last week's decisions are having their effect in Europe. They have made people sharply defense-conscious. In Britain, Brussels already has changed the national mood overnight into a grim realization that peace be-tween 1945 and 1950 was probably no more than a breather. In Washington, Administration officials are even con-Edent that, with a little careful nursing, France will pull itself together.

III. Joint Arms Production

The U.S. hopes the new North Atlantic Defense Production Board will ut Western Europe's dependence on

U.S. military production.
The board's job is to Jecide on what vpes of weapons Western Europe hould produce; set production targets or these and decide who should make how much of what; watch for shortages ind trouble-shoot production bottlenecks.

DPB will have charge of military output only. Unlike our War Production Board, it will have nothing to do with the civilian backup of defense production. Its real job is to turn out s much as possible of Western Europe's defense equipment in Western Europe itself.

Although DPB is hardly off paper yet, t already has a policy committee of l1 nations (Iceland is excluded). 1 nations (Iceland is excluded). William Batt (picture, page 19), president of SKF Industries and ECA's mission chief in London, will be the U.S. representative. The permanent director will probably be an American.

The State Dept. is working with the Munitions Board now to get a man.

· Only Part-Gen, Eisenhower has already indicated that he won't get far until the arms production problem is licked in Europe. But at best, Western Europe won't be able to produce more than a part of the weapons it needs. In some cases U. S.-type weapons are preferable, and setting up production in Europe would take too long. So the U.S. will have to supply a lot of equipment at the start.

On the other hand, Western Europe can produce some things for the U.S. war machine. Merchant ships are the most likely item. On the basis of competitive costs, some hand-tooled weap-

IV. Dividing Up Materials

There's no high command yet for the world control of raw materials. Officials think this is the toughest economic obstacle they face. It's a much tougher problem today than it was in 1942, when the U.S. and Britain controlled the seas and could dictate pretty much who got what and when.

· Committee-When Prime Minister Attlee was in Washington last month, he suggested that the U.S., Britain, and France form a steering committee to oversee the allocation of raw materials. The U.S. held that Latin America should have a voice. That was all right with the British-if Canada and India were in on it, too. The best bet is that a small steering committee will be formed along these lines sometime soon. Various commodity groups would be set up under this committee.

As many holes are likely to dev lop in this proposed economic machinery as in the military planning of the past few months. Before either can mean much, someone-presumably the U.S. -will have to cut through the running conflicts between the Defense, Foreign Affairs, and Finance Ministries of North Atlantic member governments. These conflicts threaten to paralyze effective action. The size and cumbersome structure of the North Atlantic Treaty Organization is another hobbler.

Some U.S. and European officials think that if European defense really is to get off paper, the Atlantic leaders must decide soon what kind of organization they want. They have two choices:

Choice No. 1 is to make NATO an umbrella agency that could control both economic and military sides of European defense. This would sub-ordinate military planning to a topheavy "politics as usual" organization.

Choice No. 2 would be to recognize that a virtual state of war exists and to give the military leaders, headed by Eisenhower, full control over all phases of the common defense effort. The military would be subject only to the ultimate political control of the chiefs of state in the U.S., Britain, and France. This would be essentially a military solution; it is comparable to the World War II setup. In this case NATO would become little more than a consulted organ where the small Atlantic allies could have their say.

Both alternatives hold grave risks. The umbrella formula threatens continued 12-power diplomatic paper shuffling, and hence continued American disillusionment over. European defense. But it's possible that the

ons also could be produced across the Atlantic to advantage.

Europeans would balk outright at the military formula-which would spell a certain U.S. withdrawal from Europe.

American officials in Europe are hoping against hope that Eisenhower's personal prestige and his knowledge of military problems in Europe will help him find afformula that will work.

V. Erid of ECA

Regardless of what happens to the North Atlantic Treaty Organization, the Truman Administration plans a drastic change in U.S. aid to Europe.

The Marshall Plan as such will almost certainly end next June. A new "Economic Support for Rearmament" program will take its place. Europe will get the same kind of goods as it is getting under ECA, but the goal will be rearmament, not recovery.

• Cost: \$10-Billion—Truman probably will ask for about \$3-billion for this "economic support." On top of this he is likely to want more than \$5-billion in direct arms aid (arms aid this year: about \$5-billion)-or a total of perhaps

\$10-billion to prop up Western Europe. It's likely that ECA, under another name, will handle the economic side of this combined aid program. ECA headquarters in Paris estimates that about half of its present staff could be used-after such frills as the Small Business Agency and the Antitrust Section have been lopped off.

No Merger for 3-M

Congress' new and stiffer antitrust bill this week killed off the planned merger of Minnesota Mining & Mfg. Co. and Carborundum Co. (BW-Dec.

The new measure," said W. L. McKnight, 3 M chairman, "raises a serious question as to the validity of the proposed merger. Therefore the companies have no alternative but to abandon [it]."

The bill, which has passed both houses, strengthens the Clayton Act by ruling out mergers of assets where the effect is to lessen competition "substantially." Three-M had planned to absorb Carborundum through an exchange of stock, with Carborundum becoming an autonomous division. Both companies make abrasives, and have been under antitrust fire for export agreements and for license and patent pools. The companies have already signed a consent decree ending the pools, and a district court has ruled against them on the foreign hookups.

For the present, there's only a faint chance that the merger might be revived. Counsel for 3-M said they might go ahead if, after closer study of the law, they feel they can beat a govern-

ment suit.

Defense Pairs Off Industry

Mobilization planners parcel out aircraft manufacture to auto companies, linking Fairchild to Kaiser-Frazer, Republic to GM, and Pratt & Whitney to Ford. They are reluctant matches.

The Defense Dept.'s plan to swing the U.S. into full mobilization is ending up in many shot-gun weddings among munitions makers.

The department has two big problems: (1) It wants to establish two suppliers for each major item of equipment, geographically separated for safety in case of bombing; and (2) it's anxious to step up production.

Two industries-aircraft and automobile-are particularly affected, and air-

• Grounds-Defense feels justified in taking this stand. Current airplane production runs about 250 planes, just under 4-million lb. airframe, per month.

During World War II, the industry was unable to expand much more than three times within any 12-month period. Production rose from a monthly rate of 1.9-million lb. in 1940, to 6,-299,000 lb. in 1941, to 23,202,000 lb. in 1942. Now Truman is asking for a five-fold increase. If industry is to meet the order, production contracts will have to be placed immediately.

Air Force Secretary John A. McCone says that 90% of all funds for aircraft procurement will be allocated within the next 90 days.

Here's the way industries are work-

Kaiser-Fairchild-Riding the band-wagon is Henry J. Kaiser. Reconstruction Finance Corp. has agreed to bail Kaiser out of his present business dif-ficulties to the tune of \$25-millionproviding Kaiser gets into defense production. Henry J. looked over the situation, decided that Fairchild's troopcarrying C-119 was his best bet. With RFC's promise in his pocket, Kaiser talked to the Air Force, got the go-

ahead to negotiate with Fairchild. Fairchild had already presented USAF with a plan to set up production on its own hook at the old World War II Douglas plant in Chicago. When Kaiser appeared on the scene, USAF threw out the Fairchild proposal. Now Fairchild has the bitter task of helping Kaiser adapt its Chicago-Fairchild plan to the Kaiser-Willow Run program. Air

Force logic: Why permit Fairchild to open a new plant, struggle with tooling up and labor shortage problems, when Kaiser has everything under control at Willow Run? Fairchild logie: It can build C-119's better, cheaper, and just as fast as Kaiser.

General Motors-Republic Aviation— Mundy I. Peale, Republic's president, learned last week that GM will massproduce his company's F-84F Thunder-jet fighter at the old North American B-26 plant in Kansas City. Peale's reaction to the match: "I wouldn't mind having some production taken out of my hands if my advice on how best to do it were asked. Instead, I am told how, when, and where it will be done.'

Ford-Pratt & Whitney-Ford is readying a huge plant in Chicago to turn out P&W's Wasp Major, a 3,500-hp. reciprocating aircraft engine.

Boeing-Douglas-Air Force has asked Douglas Aircraft to manufacture Boeing's 600-mph. jet bomber, the B-47. Douglas will reopen its Tulsa (Okla.) plant to produce the six-jet, arrowwinged bomber under license from Boe-

Studebaker Corp.—Negotiations are now under way for Studebaker to manufacture jet engines; just whose jet en-gines has not been disclosed.

How Industry Reacts To the Price Freeze

It's still too early-and the chaos is still too great-to get a complete picture on industry's reaction to the voluntary price freeze. But a quick sampling turns up the following responses to the Economic Stabilization Agency's order:
• Some Say Yes-General Motors, Ford, Chrysler, and Nash have canceled December price hikes under pressure of a compulsory order. The oil industry has said generally it would go along with the voluntary order to give Washington seven days' notice of any projected increases. Some refiners are still arguing the roll-back order in Washington. International Harvester has scrapped price increases put into effect since Dec. 1. I-H said, however, it would put in a plea for a hardship case. Royal Typewriter rolled back its Dec. 11 increases on carbon paper and ribbons. Bissell Carpet Sweeper canceled the 71% hikes of Dec. 15.

· Some Say No-Steel fabricators say they have no intention of cutting back December price hikes. They haven't been asked to; they just say they won't comply voluntarily. Milk, which comes under the protection of parity, is up a half a cent in New York.

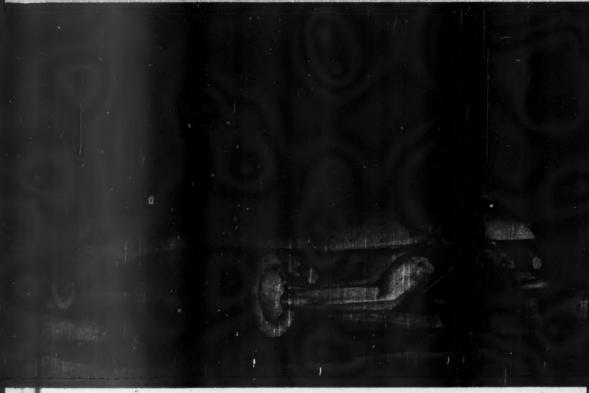
· Some Don't Know-Oliver Corp. and Thor Corp. both are undecided on how to treat their December increases.



Gas-Turbine Iron Horse for Union Pacific

The gas-turbine electric locomotive (BW-Jun.18'49,p38) is now ready to make a bid for some of the modernization money that has been going into conventional diesels. This week, Union Pacific announced that it has ordered 10 of the compact engines from General Electric Co. Delivery will start in the fall of 1951. UP bought the

idea after an 80,000-mi. test, representing about 286-million ton-mi., by its builder, General Electric Co. The turbine power plant has run successfully for nearly 5,000 hr. Designed for freight service, the locomotive furnishes 4,500 hp. in the same space needed by a diesel to produce 1,200 hp. Top speed will be 65 mph.



MAN AND CREATION

Harley Earl built it, a radical two-seater sports car with a European look, overtones of Cadillac and Studebaker. The auto has an extremely high horsepower-to-weight ratio.

General Motors' Car of the Future

The man who set the design pace 12 years ago turns from the trend toward bigger, brassier cars, produces a small, fast auto.

. For the biggest of all auto makers, 1938 was a year of quiet revolution. General Motors' cars that rolled off the assembly line looked very little different. The box-like lines were there, there were spoke wheels, fenders were separate and distinct pieces, and there were still vestiges of radiators.

Those were the cars the public saw. But one car at GM-a model that never reached the showrooms-was like nothing that had ever appeared before. It was this hand-built auto, an experimental design by Harley J. Earl, that foreshadowed the revolution. Over the next 10 years, Earl's ideas made the General Motors car much of what it is today.

This week Earl, now GM vice-president in charge of styling, showed his second plan for the automobile of the future. A custom-built two seater called Le Sabre, it is as startling in many of its features as his car 12 years ago was in its day.

• It is a small auto. Over-all

length is 200 in.; wheelbase is 115 in. Across the front, fender to fender, it is only 76½ in. wide.

 It has a dual fuel system. There are two tanks, one for premium-grade gasoline, another for methyl alcohol.

 It will be made of lightweight metals (the car pictured is only a fullsize plaster model). Body and engine will use heat-treated magnesium and aluminum allovs.

• It will be powered by a Buick-designed V-8 engine that has a 10-to-1 compression ratio. With supercharger, the engine is expected to produce more than 300 hp.

• Lab on Wheels—Already in development for four years, Le Sabre is still two months away from being an operating model. When it is complete, Earl says, it will become a "laboratory on wheels. We built this car for the same reason we built the job in 1938—to find out whether some of our futuristic ideas would pay off on the road."

Based on what happened to the 1938

car, many of them should. The earlier model was the forerunner for push-button door latches, fender extensions over the doors, tail lamps recessed into the fenders, and electrically controlled convertible tops and door windows. Its hood and fender treatment also showed up in later production models, particularly those of the first postwar years.

• For Tomorrow—As it stands, it's in-

• For Tomorrow—As it stands, it's inconceivable that Le Sabre could be produced to sell at volume today. As Earl says, "it is purely experimental."

The V-8 engine is the result of a strong trend toward more and more powerful engines that make little point of economy. Before Korea, Buick planned a V-8 for its 1951 models; it still may come on 1952 or 1953 cars, if there is no all-out war.

But though it may be a V-8, Buick's powerplant is sure not to have the 10-to-1 compression ratio or the 300 hp. of Le Sabre. For the time being, 160 hp. to 180 hp. are looked on as the practical limits.

• Fuel and Metal-Dual fuel, too, is definitely in the future. Actually, the idea of using both alcohol and gasoline to boost power for peak loads is some-



PREDICTION VS. PREDICTION

Earl's 1938 experiment (right) become, to a great extent, the car of 1947-48. Now for tomorrow: a smaller, lower design. Its grille revolves to uncover headlights.



JETS AND FINS

The airplane look is the big departure from the styling of 12 years ago, but the radical shapes are easy to stamp. New model has twin fuel tanks in tailfins—one for alcohol, one for gasoline.

thing-of a triumph for the oil industry over the auto makers. Petroleum men have always maintained that the very high octane ratings Detroit talked of were impractical. The fact that a major designer has apparently counted out these higher-octanes may mean Detroit has conceded.

Besides being a small car, Le Sabre is also a very light one. Total weight is expected to be around 3,000 lb., which puts it in the Ford, Chevrolet class. Magnesium and aluminum account for this, and Earl admits these would be untouchable now from a cost

standpoint. Since the cost of an auto per lb. is traditionally about the price of l lb. of butter, there would have to be great changes in the price of light metals before Le Sabre could take the road competitively.

Though most of the car's radical design features are obvious from the pictures above, a few of them are either obscured in the clay model or are covered up:

 There is less chrome. At least temporarily, the stylists have had their way.

• The car is low. Though it has a

ground clearance of 6 in., the body, at the cowl, is only 364 in. above the road.

• The instrument panel is a gadgeteer's delight. It has a tachometer, compass, altimeter, oil temperature and pressure indicators, and a torque converter fluid level. (Le Sabre uses Dynaflow, not Hydramatic.) There is also a button between the seats that throws up the top and windows when rain hits it.

 Door releases and window controls are electric. In case of a battery failure, door releases operate mechanically. The top also works electrically.

Death of Color TV

That's how it looks now. Legal snarls postpone the starting date, and parts shortages threaten to stop it for duration.

The color television snafu got so much more balled up last week that it now looks like a dead issue for the duration of the national emergency. Whether Columbia Broadcasting System or Radio Corp. of America has the better color system has become academic; the public isn't likely to get either for a good many years.

• CBS Held Back—The final blow came

• CBS Held Back—The final blow came in a federal court in Chicago. After a month of deliberation, the court decided last week to continue its temporary restraining order against CBS until Apr. 1 (BW-Nov.25'50.p25). That meant that CBS still could not go on the air with commercial coloreasts.

The decision came as the result of a suit filed by RCA against CBS and Federal Communications Commission. RCA was hoping to get an injunction against FCC's decision in favor of CBS color. That didn't work: While extending the restraining order last week, the court threw out the RCA complaint. Of this last action, CBS President Frank Stanton said: "This is a great victory." RCA said: "By staying... the order... the court has clearly indicated its awareness of the great public interest at stake."

• Looming Shortages—Both statements were somewhat extreme interpretations of just what the court had in mind. It said that its purpose was to restrain the effective date of the FCC order until the parties to the suit could perfect an appeal to the U.S. Supreme Court. (RCA hopes that its improved electronic color tube, demonstrated Dec. 5, will help convince the court that it should order FCC to reopen hearings.)

But the court said it had another, equally important reason for keeping the reins on CBS. That was the growing shortage of electronic materials and manpower needed to build converters, adapters, and color sets. Said the court: "It is a matter of common knowledge that the situation . . . becomes more acute with each passing day."

That, of course, is the crux of the battle today. By the time the Supreme Court hands down a decision, probably all the material normally used in TV manufacture will be going into military equipment. (One story out of Washington last week said that National Production Authority would ban color TV manufacture in the near future.)

• Who Wants It?-Meanwhile, it was beginning to look as if nearly everybody

in the color TV business was sorry he had got there. In a speech last week in Chicago, Ross D. Siragusa, president and board chairman of Admiral Corp., said that last year Frank Stanton had offered to sell Admiral the CBS color system—lock, stock, and barrel—for \$3-million. "We turned that offer down flatly because we did not think it was the answer on color TV."

Stanton flatly denied that any such matter had been discussed with Siragusa. Siragusa promptly reaffirmed it. And all the time the public is wondering if it all matters. Slowly it is becoming clearer that nobody is going to get color TV tomorrow, or even the day after.

Proposed Legislation Ups Veterans' Benefits

With the international situation worsening, Congress was in a mood last week to do something for the veterans.

• Insurance—First, it decided to give them free life insurance. The House passed a bill providing \$10,000 policies for all armed service members—while they are on active duty. This would replace the optional National Service Life Insurance program. The bill will undoubtedly go through the new Congress early next year. It has strong support from life insurance agents because it would eliminate the competition of cut-rate government insurance for veterans.

The revised program will be cheaper, easier to administer. Officials figure that it would have saved \$587-million over the past 10 years. And it offers wide coverage to men on active duty:

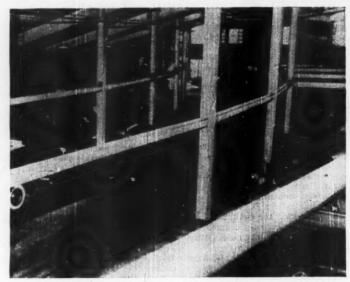
All members of the Armed Services on active duty, including Coast Guard and reserve components, will be insured automatically against death in the amount of \$10,000. Beneficiaries will be paid in 120 instalments.

 Program would be retroactive to June 27, the outbreak of the Korean war. Beneficiaries of the 5,900 or so casualties to date will receive the full \$10,000, less any payments they may already have received under NSLI policies.

• Training—The lame duck session also approved a measure providing free vocational training for disabled veterans. This, too, would be retroactive to June 27. Rehabilitation of World War II veterans cost \$1,285,000,000. • Housing Picture—There has been no

• Housing Picture—There has been no move to loosen Veterans' Administration housing loans that were tightened by Regulation X—chiefly because there's been no pinch.

When Regulation X went into effect on Oct. 12, there was an exempted backlog of about 300,000 pending loans on construction not yet started. This backlog is being reduced at the rate of about 65,000 a month. VA officials estimate that appraisal requests are off 50%; by next spring this will be translated into a similar cutback in loan guarantee applications.



IT'S DODGE DAY at Wrigley Field, home of the Chicago Cubs. Hundreds of 1950 models are parked under the stands in the baseball park. Others jam playing

field and grandstand ramps. Dodge dealers, unable to find storage room for the new models, made a deal with the Cubs to store cars there during winter season.

Index Control for Wages

Tight price control on items in cost-of-living index—probably by subsidy—is all that can keep wages stable now; White House yields to General Motors wage formula.

The government is disposing of the problem of wage stabilization by dumping it into the lap of the Price Administrator.

• Wages are going to be tied to prices for the duration (page 64).

 The principle of adjusting wages with every change in the cost-of-living index will be extended to cover all workers.

• And the government will concentrate its powers on the job of hold-

ing prices down.

That means the Bureau of Labor Statistics cost-of-living index will be the pivot of the whole economic stabilization program. This time, even more than in World War II, wage and price control—in practice—will be index control. Every move that Price Administrator DiSalle makes will have to be weighed in terms of what it does to the one crucial index number.

 No Doubt—The policy of tying wages to the cost of living is not official yet though the announcement may be out within a week. But the pattern to be followed is clear. It was set earlier this month in the railway settlement worked out at the White House by presidential

aide John Steelman.

Among other things, the contract between the carriers and the big four operating brotherhoods included the kind of escalator clause that now covers 1.5-million workers in the auto and other industries: Beginning Apr. 1, the wages of 300,000 railworkers will go up—or down—1¢ an hour for each point change in the BLS Consumers Price Index.

The settlement reversed the line that the stabilizers were beginning to shape. ESA's Wage Stabilization Board wanted to see the escalator clauses—and annual productivity raises—eliminated from all contracts; in the board's view, these features meant automatic, built-in wage inflation.

But the clauses were too deeply entrenched. Labor wouldn't give them up without a fight that could disrupt defense production (BW-Dec.23'50,p62). So the White House made the decision to go along-especially since the cost-of-living feature offered an easy solution to the troublesome rail dispute.

• Too Late to Change—The surrender seals the clauses into the nation's wage

structure for good.

The Wage Stabilization Board might just as well shut up shop. Except for devising a way around automatic productivity increases, it will have only one further contribution to make: formulation of temporary wage standards-similar to the pricing standards announced last week. Employers and employees will be asked to observe these, pending establishment of machinery to enforce mandatory freezes.

 DiSallé Up—Meanwhile, the job of stabilization will fall squarely on the shoulders of Price Administrator Di-Salle. And it won't be an easy one.

For one thing, DiSalle will have to get along without the easing of price pressure that a wage freeze would contribute.

For another thing, he is still operating with a skeleton staff and with an ill-defined, incomplete delegation of authority from ESA Chief Alan Valentine.



Family Tree

There's more to lumbering than cutting down big trees. If you want to be sure of a healthy new generation, you'd better bone up on eugenics. That's what timbermen in the Pacific Northwest are doing. They select seeds from strong trees, start them in a nursery, then replant at elevations and locations similar to those of the parent tree. Weyerhaueser Timber Co. goes a step farther. It strangles a likely looking parent with a steel band around the trunk. Facing death, the tree throws its strength into producing seed.

But if ESA is reorganized to give him the authority and machinery he needs, DiSalle thinks he can still do a job.

Theoretically at least, a cost-of-living stabilization program isn't as hopeless as it looks. Concentrating on the limited number of items in the index simplifies the price administrator's job immeasurably. Some of these items (rents, for example) are comparatively easy to freeze. Others can be manipulated by special measures such as subsidies. With wages tied to the index, DiSalle can't hope to hold an unbending line on prices. But he does have a fair chance of pulling wages and prices into a rough sort of equilibrium—at a level considerably higher than the present.

• Subsidies?—After all, Canada, Australia, and New Zealand pegged wages to prices during the last war and still did a bang-up job of stabilization. The key to the dominions' success was subsidies, principally on meat and dairy products, but the farm bloc grumbled at the modest subsidies in World Wat II and would oppose any such scheme

again.

DiSalle, however, is studying a way to avoid open cash subsidies, yet still keep the vital meat and dairy prices

down.

The industry has told ESA that feed is the biggest cost it has to wrestle with. Yet the government Commodity Credit Corp. now owns, or may soon take title to, about 1-billion bu. of grains. Sell this as feed, at prices well below the going market price, and you take a lot of the inflation out of meat and dairy prices. Of course, the government takes a loss, but you do stabilize prices at the grocery store.

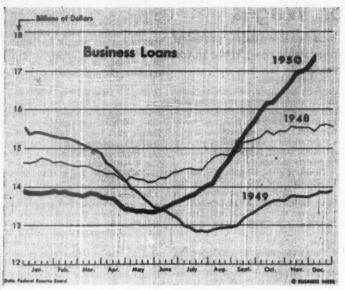
 Hitches—But even this may not be a foolproof answer. Global rearmament takes food, and CCC stockpile could be considered part of a national stockpile. Besides, growers won't like what the CCC sales will do to the grain

markets.

There may also be a legal bug in the scheme. The Defense Production Act specifically forbids using government buy-sell deals to stabilize prices. And, inevitably, cut-rate sales of government-owned stocks would mean that the government would quickly be buying and reselling the whole grain crop. The CCC, operating under another law, might escape the legal ban. But it would be skating on thin ice.

Disalle sees the booby-traps in the idea, and may never openly advocate it. But he's talking it around as an opening gambit for later food subsidies to keep consumer prices in line.

With price control the tool for stabilizing wages as well, DiSalle is thinking more and more of subsidies—on meat, on milk, and perhaps even on other consumer cost-of-living items.



RECORD CLIMB of more than \$3.7-billion since June brought bank loans to highest ever.

They'll Slow Down-or Else

Business loans should go into a seasonal decline this month or next. If they don't taper off, government is sure to slap on stiffer curbs. Inventory borrowing has been main reason for jump.

The next 60 days or so will very likely decide which way the government moves to tighten up bank credit. Businessmen can get a tip off from the way bank loan figures behave.

 If bank loans to business turn down, as they seasonally should, the U.S. will probably go along with voluntary controls a while longer. There may be new schemes to restrict credit, but they won't be mandatory.

• If loans continue their June-December gallop (chart), some stiff curb is certain. The most likely step: raising bank reserve requirements. This would boost the amount of money banks have to keep on hand, thus cut down the amount available for loans.

• Why Wait?—Government and bankers both build a strong case for holding off any drastic curb for at least a couple of months. Bankers argue that loans in themselves aren't inflationary—that they are a product, rather than a cause, of the boom spiral. The government generally turns its back on this theory. But it does see certain "distorting factors" that make the rise in bank loans less menacing that it seems at first.

• Cotton Rush—Cotton is the biggest of these distortions. A Federal Reserve Board study about a month ago showed that loans to commodity dealers and processors of farm produce made up about 60% of the total increase in business loans since June. Though there's no breakdown to prove it, experts agree that cotton loans made up the largest slice of the 60%.

There were two reasons for this: high prices, and the fact that strong demand caused the entire 1950 crop and much of the 1948 crop to move into the market from the Commodity Credit Corp. pool. The financing load shifted from government to private shouldersmainly the cotton brokers. Textile companies, too, rushed to banks for credit in order to buy against the threat of rising prices.

rising prices.

• Acid Test—By the end of next month, it's normal to expect cotton loans to

Further, loans to sales and finance companies (which made up 16% of the total increase) should taper off as Regulation W bites deeper. Thus the period ahead will be the acid test. If total business loans keep increasing, despite these depressing influences, FRB will have to make borrowing harder.

• Inescapable—As things stand now, there seems little chance that tougher curbs can be headed off. Thomas B. McCabe, chairman of FRB, said a short while ago that further steps to curb credit expansion "are inescapable. The blunt truth is that thus far appeals and voluntary efforts have not been sufficiently effective to hold the line."

• No Refusals—That voluntary controls haven't worked is unmistakably clear from a BUSINESS WEEK SURVEY this week. In only scattered instances did bankers cite cases where they had refused loans. Only a handful mentioned "a stiffening of interest rates." The general attitude seemed to be: "How can I refuse to make what is obviously a sound business loan? If I turn a man down, he'll simply walk across the street to get the money he wants."

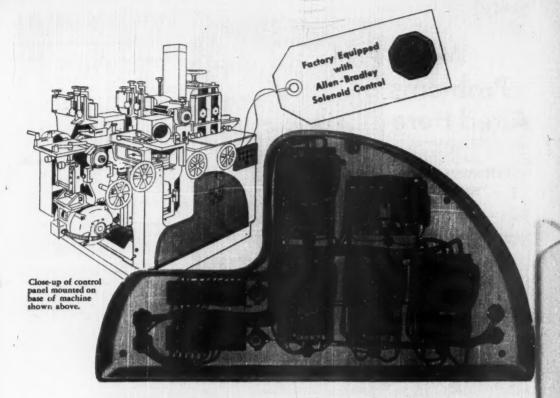
Actually most financial experts have never held much hope for an effective system of voluntary restraints. They point out that the whole idea goes against traditional banking theory, that it asks the bankers to assume a role they have never had to play. Banks are in the business of lending money. It is wishful thinking to expect them to become niggardly for moral reasons when they have every cause not to for competitive reasons.

One bank economist added this: "If you can once check inflation you will find banks a little less eager to lend because earnings will be smaller. But you have to break the circle first. You can't wait for the banks to do it."

• Inventories—Bankers feel the biggest share of their jump in loans can be traced to rising inventories. "We try to hold down on speculative lending," one St. Louis man said, "but there is a pressing demand you can't ignore. Businesses of all kinds are trying to avoid shortages. One customer told me he was buying materials he couldn't use for a year, but if he didn't buy them now, he wouldn't have them."

Besides inventories, there has been some borrowing for working capital, a little for debt retirement. Loans for plant expansion have been relatively small. Big business has apparently stuck to bond financing and to borrowing from life insurance companies to back its capital spending plans. Small business has probably spent out of its own pocket and then perhaps borrowed to replenish working capital.

• Selling Governments—How have the banks managed all this lending? The case of Richmond is typical. The Federal Reserve Bank there says that nearly all banks in the area that increased gross loans by 10% cut their holding of governments. One-third of the banks decreased their Treasury paper by 10%. There has also been a major change in the makeup of government portfolios. The tendency is to hold onto short-term maturities, get rid of the long-term ones.



Wood Molding Machine

Operated by Allen-Bradley Control Panel

This wood molding machine, which is a combination planing mill and edger, manufactured by the Muskogee Iron Works Company, is operated by an Allen-Bradley control panel fitted into the machine base.

All Allen-Bradley solenoid starters have but one moving part. There are no links, levers, pins, pivots, or bearings to corrode, stick, break, or interfere with consistent operation. The simplicity of this control apparatus guarantees trouble free performance.

Allen-Bradley will gladly study your motorized machines to recommend controls that will be a sales asset to you.

Allen-Bradley Co. 1332 S. Second St., Milwaukee 4, Wis.



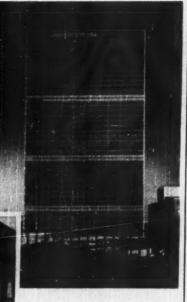
Allen-Bradley solenoid starter in a general purpose enclosure. Note white interior.



ALLEN-BRADLEY
SOLENOID MOTOR CONTROL

World Problems Aired Here

BUT NO AIR
CLEANING PROBLEMS,
THANKS AGAIN
TO AAF



Architects: U.N. Board of Design Walter K. Harrison, Dir. of Planning Consulting Engineers:

Syska & Hennessy

Heating & Air Conditioning Contractors: Carrier Corp.; Almirall & Co., New York

Photo: Ezra Stoller

U.N. Building Uses AAF's Airmat and Multi-Duty Filters for Better Air

REGARDED as a heroic design achievement, the United Nations Secretariat includes equipment of the highest quality standards. Because there's more in the U.N. air than eloquent speeches delivered in every modern language, AAF equipment was specified to protect this mammoth building from the costly ravages of air-borne dust and dirt.

Thirty-three AAF Multi-Duty automatic filter installations, like the the air conditioning systems in this building. In addition, AAF's Airmat PL-24 filters totaling 350,-000 cfm, are also used in the Secretariat.

The Multi-Duty and the Airmat PL-24 are only two of twelve distinct types of air filters and electronic precipitators developed by AAF engineers for air cleaning service. This complete line makes it possible for AAF to offer the most practical and economical solution to any dust problem.

merican Air Filter

COMPANY, INC.
387 Central Avenue, Louisville 8, Kentucky
PLANTS IN LOUISVILLE, KENTUCKY AND MOLINE, ILLINOS
IN CANADA: DARLING BROTHERS, LIMITED, MONTREAL, P. Q.

BUSINESS BRIEFS

The sugar quota for 1951 was set at 8-million tons for all producing areas. This year's final quota was 8.7-million. Agriculture Dept., however, estimates there's a 1-million ton carryover available for next year.

Are you worth \$5,000? If you are, you're one of four in every 10 American families. Federal Reserve Board says that early this year 40% of U.S. families had assets of \$5,000 or more; nearly one in 10, \$25,000 or more. FRB counted savings, real estate, business interests, and securities.

Christmas sales apparently behaved as predicted (BW-Dec.9'50,p20). Incomplete returns show dollar volume up 5% to 7%, unit sales holding about even with last year.

Rem Rand went to Tokyo to manufacture and distribute typewriters. It bought an office building and factory, announced plans to employ about 100 people.

Big Steel's expansion: The corporation made it official that its new eastern seaboard mill will have an output of 1.8-million ingot tons a year (BW—Dec.16'50,p20), 1-million more than the figure talked of up to now. Construction of the plant—to be called the Fairless Works—will not start until next spring because of land acquisition difficulties; production is slated for six to 12 months after. . . . Subsidiary Geneva Steel will add 160,000 net tons to capacity with a new open hearth and a new soaking pit.

The Schotts are buying again. The Cincinnati family, already the owner of 25 companies (BW-Apr.3'48,p23), closed deals in one week to take over: (1) Novo Engine Co., Lansing, Mich.; (2) Brown-Manly Plow Co., Malta, Ohio; (3) Herman Machine & Tool Co., Tallmadge, Ohio.

War orders went to Chrysler, General Motors, and F. H. McGraw. For Chrysler: \$160-million to build medium tanks. For GM: A \$100-million order for Army vehicles. presumably trucks. McGraw will be the main contractor for the new \$350-million atomic energy plant near Paducah, Ky.

Studebaker cut back output, the first of the auto makers to make the move official. The company said production would be slashed 20% in January because of curbs on materials.





now provides stable directional indications for the U.S. Air Force's Republic Thunderjet . . . as it has been doing for other military aircraft. In the commercial field, the DC-6 is one of the many type aircraft on which the Gyrosyn* has proved itself with thousands of hours airline flying time.

For both commercial and military aircraft the Gyrosyn Compass provides accurate magnetic headings under all flight conditions. A directional gyro synchronized with the earth's magnetic field, it does not oscillate, swing or have northerly turning error. And it requires no resetting.

No matter what the speed of your aircraft or the air turbulence encountered, you can be sure of your heading with the Sperry Gyrosyn Compass.

Our nearest district office will gladly supply you with complete details.

STRADE MARK, REG. U. S. PAT. OFF.

SPERRY GYROSCOPE COMPANY

Yours for year round comfort...



the New Cabinet Units

Quick, positive distribution of heated or cooled air is yours with the new Modine Cabinet Unit. Quiet efficiency, attractive appearance and quick response to automatic controls make it ideal for stores, showrooms, schools, lobbies . . . all modern commercial and public buildings. Available in 5 capacities from 120 to 640 Edr.

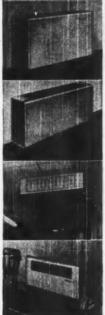


WRITE FOR NEW
BULLETIN 550 TODAY!
You'll find your Modine
representative listed in
the classified section of

your phone book. Or write direct. Modine Mfg. Co., 1508 Dekeven Avenue, Racine, Wisconsin.

Modine CABINET UNITS

FOR HEATING & COOLING



cessory equipment adapts it to other installations.

Attractive louvered plenum

base (optional) attached

on job, makes

Type Ca floor-

inct.

Type C is basic

pair for wall

Optional inlet grille converts Type C to a ceiling cabinet. Duct connectors can also be furnished.

face outlet grille and plen u m b a s e available at a slightly higher price for recessed installation.

Type CR with

DEFENSE BUSINESS

War Risk Policy

Congress rushes bill to put U.S. back in the insurance business. Private companies lack reserves to cover bombing.

Business soon will be able to buy war damage insurance from the federal government. Congress this week was rushing legislation to reestablish the War Damage Corp. The new law will:

Damage Corp. The new law will:

• Reactivate the War Damage
Corp until July 1, 1955, as an arm of
the Reconstruction Finance Corp.

 Authorize WDC to issue policies against war damage to real or personal property in the U.S. and its possessions, or in transit between them. Damage caused by an enemy or by U.S. troops will be covered.

 Provide up to \$1-billion to cover liev obligations

policy obligations.

Private insurance companies have been pressing for revival of WDC. They have nowhere near enough reserves to offer war risk insurance themselves. Just as in World War II, the private companies will handle sales of WDC policies along with their own.

• Premium—The World War II premium for WDC insurance was 10¢ a year per \$100. It brought about \$210-million into the Treasury. The new rate

no difference in premium between "target" and "safe" areas.

WDC is only one step toward solving the insurance problems of a major bombing attack. Other factors still to

is expected to be about the same, with

be faced are:

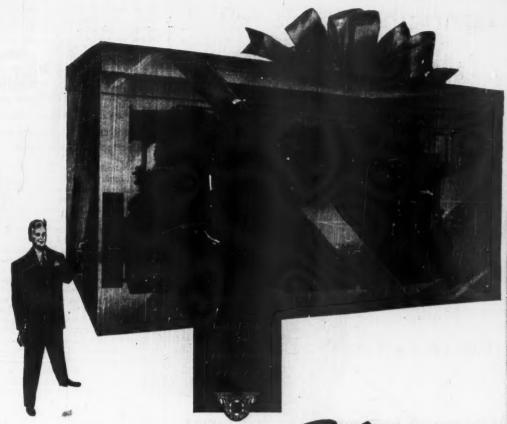
(1) The proposed \$1-billion coverage would provide little compensation for policyholders in the event of a really big attack. U.S. property is valued at \$500-billion dollars. Last time, WDC had a peak liability of \$140-billion.

had a peak liability of \$140-billion.

(2) Despite WDC, a major bombing attack would ruin life insurance companies. In the nonwar years, few of them took the precaution of excluding liability for war death from their policies. Now more than 400 of them are forming a "catastrophe pool" to spread out the drain of a big attack.

(3) Industrial firms or their insurers face disaster from a bombing attack under federal and state workmen's compensation laws. These involve average payments of \$5,000 for death, lesser amounts for injury, during factory employment. There are no exclusion clauses for war causes.

Congress Wary—The Assn. of Casualty & Surety Companies wants WDC



Where good things come in ble packages... TO SAVE COUNTLESS DOLLARS IN POWER

IT takes thousands of horsepower to deliver gas through a cross-country pipe line. A choice must be made... to use a number of small engines or fewer big ones like the new-type Cooper-Bessemer above the biggest V-type gas engine ever built.

Today more and more of these big "fellows" are going into pipe line and other compressor service, because they prove far more economical where horse-power requirements run high. Fewer, more powerful units take up less total space, reduce piping and installation costs, and require less maintenance and attention.

Moreover, in developing this new engine, Cooper-Bessemer engineers incorporated their latest gas engine advancements, such as the Turboflow principle of combustion. The net result is unprecedented economy in both space and fuel consumption. In case after case, it opens the way to saving thousands of dollars yearly.

This is just one example of how Cooper-Bessemer

is constantly developing new ideas in power and putting them to practical use. If you have a stake in power, stationary, marine or locomotive, find out about the new things being done by one of America's oldest engine builders.



New York • Chicage • Washington • San Francisco • Los Angeles • Houston • Dalias • Odessa • Seattle • Tutsa • St. Louis • Gioucoster New Orlows • Shrovepart



MAKERS OF STOCK ACCOUNTING FORMS AND EQUIPMENT-LOOSE LEAF, BOUND BOOK AND VISIBLE

to be extended to cover workmen's claims. But Congress is hesitating to assume a potential liability of \$230billion, on top of the staggering property liability of \$500-billion.

New Metal Curbs

NPA warns that limits will be set on use of copper, aluminum, and cobalt in specified end products, probably in April.

New shoals lie ahead for users of copper, aluminum, and cobalt. A month ago National Production Authority decided to slap restrictions on the over-all use-of these vital materials. Now NPA announces that new rules will be issued early in January further limiting their use in certain specified products.

use in certain specified products.

The new regulations are expected to go into effect around Apr. I, hitting copper first, then aluminum, then cobalt. In the case of copper and aluminum, they will probably set restrictions on the amount of the metals that manufacturers can use in plumbing equipment, jewelry, kitchenware, appliances, automobiles, laundry and dry cleaning equipment. Present regulations instruct users of metals to cut their consumption to a given percentage of base period use; they do not otherwise limit metal use. The new regulations will forbid or limit the use of the critical metals in a specific item.

• Buying Scramble—NPA realizes that the advance warning of the new limits will unleash a buying scramble, with some black-marketing hoarding. But it feels that it is essential to give users of end products notice of the problems they are going to face.

In broad policy, NPA prefers to confine its controls to the over-all use of materials, as was done in the original copper and aluminum orders. But it realizes that it will not work in some cases. For example, there would be nothing to prevent a manufacturer from using his entire allotment of aluminum for some nonessential product like ventilating ducts.

• Base Figure—The original aluminum order (M-7), as amended Dec. 1, is based on the manufacturer's average monthly use of the metal for the first six months of 1950. In January and February, he is allowed to use 80% of this amount. In March, the figure drops to 75%.

The copper order (M-12) was issued Nov. 29, and includes brass and other alloys containing 40% or more of copper by weight. Use is limited to 85% of the base in January and February. In March it drops to 80%.

In both cases, the manufacturer can



The shortest distance between two points

is Teletalk



Quality intercommunication costs less than you think ...

only \$9550 for a master unit and 4 substations

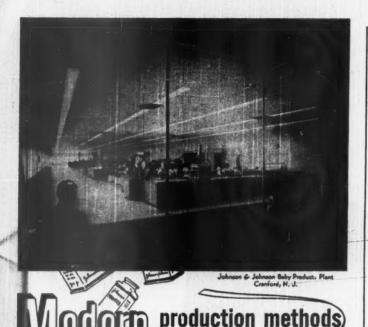
Nothing could be more direct—or take less time—than the use of Teletalk to communicate with other individuals or departments in your business. Just flip a key and speak . . . save all that unnecessary time going from individual to individual or department to department to get information, or having them come to you. The only distance you have to travel is the flip

of a finger. The Teletalk 600 Series at this low cost will more than pay for itself in a short time...you can't afford to be without it. Why not discuss an installation with your nearest Teletalk dealer...just call Western Union Operator 25 for his name.

Teletalk is made by Webster Electric Company, Racine, Wisconsin. Established 1909.



"Where Quality is a Responsibility and Fair Dealing an Obligation"



Noted for the streamlined beauty and functional perfection of its manufacturing facilities, the Johnson & Johnson Baby Products Plant at Cranford, N. J., carries modernity of construction one step farth r through the pro-

vision of absolute fire safety by means of "Untomatic Borinklers

The provision of safety to life and property has for years been the primary aim of the J & J management, and "Untomatic Sprinkler protection has past proved its fire combatability. It stands ready at all times to give instant effective action at the first indication of flame. Because of this speedy detection, fires in sprinklered properties are usually extinguished in their infancy with but few sprinklers in actual operation, consequently little or no water damage is sustained.

Of further important consideration is the fact that approved "Automatic Sprinkler installations allow for savings of upwards to 90% in insurance premiums and, like any other capital asset, can be amortized over a given period of years, with their initial cost ultimately taken as an operating expense.

Let one of our fire protection engineers show you how to save lives ... save property ... and save money with Automatic Sprinklers

UTOMATIC" SPRINKLER CORPORATION OF AMERICA YOUNGSTOWN I, OHIO

do as he pleases with his allowance. However, on Apr. 1, the barring of specified end-products will change this.

• Vital to Builders—The copper re-

strictions will be particularly important to builders. Any construction project requires endless copper items, ranging from wiring and valves to flashing and water stops. Government agencies estimate that direct use of copper in construction took 18% to 19% of the whole U.S. supply in 1950. The supply ran to something over 1.5-million tons. And indirect uses push total construction consumption of copper close to

Defense Housing

Proposed bill for expansion of government rental projects reads like wartime Lanham act, but builders will share risks.

January will see a revival of public housing. Administration Housing officials are readying for the 82nd Congress a \$250-million defense bill for government-built-and-operated rental projects and community facilities.

An even bigger authorization will be requested for Federal Housing Administration mortgage insurance of multiple-family rental housing for defense workers. The authorization figure most often mentioned is \$1-billion. But there has been talk of a bigger request for \$1.5-billion to \$1.75-billion.

• Starter-The \$250-million for the Lanham act is just a starter. The government figures a new program could run into billions. Private housers are going to oppose the program-not be-cause they don't want 16,000 war-center housing projects built, but because they see it as an oblique extension of the

public housing program.

The proposed legislation is purely a standby measure. Nobody will hazard a guess as to when it will be needed.

• Budget-For projects of the Lanham act type, built during World War II, about one-third went into utilities and two-thirds into housing. On the basis of \$250-million, a similar division would allow for about 16,000 housing units and some \$110-million to \$120million for sewers, water mains, power lines, paving, and a host of similar community facilities.

Housing & Home Finance Administrator Raymond M. Foley would have final say on location and size of the defense projects-whether government-built or privately financed with FHAinsured mortgage money. Foley's actions would depend on what the Office of Defense Mobilization and the Dept. of

Defense recommended.

Question: How can men of management cut costs?

Answer: By turning to the efficiency and economy of the Royal Electric!



The Royal Electric offers management an extraordinarily efficient typewriter for every typing needfrom the front office to the typing pool.

The letters of the president and chairman of the board have a beauty, sparkle, and evenness that are truly startling. Such letters do them credit.

And in routine typing jobs-the Royal Electric delivers speed, clarity, and economy. In heavy-duty work it can supply as many as 20 clear carbon copies.

Under all circumstances the Royal Electric eliminates operator fatigue and tension, adds to morale.

Here's important news! On the Royal Electric the controls are in the same position as on Royal Standard Typewriters. Operators are on familiar ground. The problem of a time-consuming "change-over" has been eliminated by the Royal Electric.

Exclusive "Touch Control" allows the operator to adjust the key tension to give her the touch she prefers. "Magic" Margin permits instant automatic margin setting. These are exclusive Royal Electric features!

Let us show you how efficient a Royal Electric can be in your office. Have your secretary send in the coupon.

Made by the World's Largest **Manufacturer of Typewriters**

"Touck Control" and "Magic" are registered trade-marks of Royal Typewriter Company, Inc.



2 Park Avenue, New York 16, N. Y.

I would like a copy of the brochure, "Picture of Progress," describing the new Royal Electric.



These three steel warehouses normally carry in stock the complete range of cold rolled strip steel specialties made by The Cold Metal Products The Cold Metal Products Company, including low car-bon and high carbon analyses, tempered spring steel and stainless grades in the 300 and 400 series. Supply problems are now very difficult. Currently, shortages exist in some rently, shortages exist in some grades and sizes, but within the limits of inventory possibilities strip steel fabricators continue to find justification for the descriptive phrase long identifying all Precision produced CMP products—"More feet per pound—more finished parts per ton."



IN THE EAST IT'S THE KENILWORTH STEEL CO. Located in the metropolitan New York area for quick service throughout the east. 750 Boulevard, Kenilworth, N. J. Phones: New York— COurtlandt 7-2427; New Jer-sey—UNionville 2-6900.



IN THE MIDWEST IT'S PRECISION STEEL WAREHOUSE, INC. Well known in the Chicago district for good service and careful attention to customers requirements. 4409-4425 West Kinzie Street, Chicago 24, Illinois. Phone: COlumbus



IN THE FAR WEST AND PACIFIC COAST IT'S THE COLD METAL PRODUCTS CO. OF CALIFORNIA On the west coast the only On the west coast the only specialists in light gauge pre-cision cold rolled strip. 6600 McKinley Avenue, Los An-geles, California. Phone: PLessant 3-1291.



Gold Metal Products co. YOUNGSTOWN 1, OHIO

New York . Chicago . Los Ang

specialists in | MANAGEMENT



IOE COLLEGE: SENIOR GRADE. Company executives start for classes at Harvard's

School to Train Top Brass

Businessmen in big jobs are trained for bigger jobs at Graduate School of Business Administration, Nearly 300 companies have sent men to take 13-week course.

Harvard's Graduate School of Business Administration has pioneered a new educational field: making top brass out of middle brass.

Nearly 300 companies have taken advantage of the school's Advanced Management Program to train their departmental specialists for bigger policy-making jobs.

• 150 in Class-Earlier this month 150 businessmen-on-the-rise-controllers, assistant treasurers, sales managers, pro-duction chiefs-got diplomas from Harvard. They had just spent 13 weeks in school, living together in a dormitory, attending classes, joining in seminars— and going to football games like any students.

If this latest batch of executivestudents comes up to the average of past groups, about 50% will be upgraded into broad-gauge management posts within the next six months.

December's graduating class brings the total of Harvard-trained management people close to 1,300. Some have become company presidents, others have got top vice-presidents' posts.

· War Baby-The Advanced Management Program is an outgrowth of World War II's stepped-up need for executives, especially for the armed forces. It got under way in 1943 at the request of the government. In 1946, it was ready to close its doors, but some big companies-like Standard Oil of N. I .stepped in, asked Harvard to continue the courses with industry footing the bill. The school's postwar phase began then when Harvey P. Bishop, former managing director of Royal Baking Powder, Ltd., South Africa, became its administrative head. He's an assistant dean of the business school.

Since the start, about 290 firms have sent key men to the school. Two complete sessions are held each year, February-May and September-December. Last week Harvard closed its books for the February, 1951, term with a long list of applicants from which it can take the cream.

· Wider Fields-Primary aim of the course is to broaden businessmen who have climbed about as far as they can in their own fields within a company. However, men already at the top attend, too. Only men scheduled for advancement into top-level jobs, or who already are there, are accepted. They have to be recommended by a firm's president, board chairman, or executive vice-president.

For instance, the head of a chemical firm said of his student last term: "Blank is a rather quiet individual at



CLASS AVERAGE: \$15,000. That's the average salary of students at Harvard's school for company executives. Typical of the high-caliber classes is this group: (left to right) Glenn R. Krueger, general sales manager, General Mills, Inc.; Frederick J.

Emmenegger, assistant treasurer, Rust Craft Publishers; Gilbert H. Beck, plant manager, Ethicon Sutrue Laboratories; Robert H. Bennett, assistant general manager of the Maxwell House Division of the General Foods Corp.

times but we feel that through contact with other men in the class he will get a greater degree of self-confidence. . . . Ultimately, he may well be in charge of the entire manufacturing end of the business."

A textile company sent a man "scheduled to manage in 1951 a new mill now being built. He has a high potential and will probably become vice-president of manufacturing."

A large metalworking outfit expects its recent graduate "to become, in a short time, one of the senior executive officers."

• Policy Making—Harvard figures the school has four big advantages in supplementing the usual company training programs: (1) Executives from the ranks in one specialized field get a wider view of what it takes to lay down policy; (2) association with fellow executives gives them a chance to exchange ideas and smooth out personality wrinkles; (3) classes and the university atmosphere give a new slant to those who never attended a college; (4) for many companies, it's a double-barreled training program because the job left open can be used to train another upcoming young executive.

Besides being key men (salaries of students run as high as \$50,000), candidates are required to be 35 years of age or older, and preferably in their 40's.

Harvard insists that the companies

pay all expenses and continue salaries. The cost per student is about \$2,000 for basic expenses including \$800 tui-

• Big Companies—So far the best supporters of the program have been big companies. Dean Bishop thinks that's because they need it most. Often men scheduled to become top officers have learned only one phase of a business. They need a look at other parts. In smaller companies, executives get around more in different divisions.

 Case Study—A seven-man faculty handles the courses, which include business and the American society, administrative practices, business policy, marketing administration, labor relations, cost and financial administration.
 Each class uses the case-study method.
 Researchers from Harvard dig out actual problems of real firms. Students study them, then argue them out in classes guided by professors.

Rounding out the 13 weeks are plant tours and a joint seminar with labor leaders, who attend another special Harvard course.

 Military—In the latest session, almost every industry—except autos—was represented.

Military personnel still use the program, too. And the military quota probably will be boosted in February to keep up with the expanding army. But the program will remain a fixed, privately financed part of Harvard.



"We had to make a quick credit decision on a New York State customer. Surc... we had figures... but we wanted the poragent side of the risk. Fortunative...



... Arst-hand knowledge of this businessman was available from our bankers --- Marine Midland."

At your fingertips is a wealth of personal knowledge of the New York State market—when your company banks with The Marine Midland Trust Company of New York.

The 102 Marine Midland banking offices serve 49 New York State communities. Their directors and officers know local business, and the people in it. Let us show how this knowledge can help you in many ways.



TRUST COMPANY

of New York

120 SEOADWAY . NEW YORK femiler Federal Deposit Insurance Corporation



PRECISION MEASURING

AND CLASSIFYING

Quality control gages Indicating comparators Production and toolroom instruments Multiple dimension production gages Automatic gaging machines Standard precision gages Special gaging equipment X-Ray continuous measurement gages

MACHINE TOOLS

Gear burring, burnishing and chamfering machines Micro-Form grinders Crushtrue grinding equipment Thread and form grinders Automatic welders Special machine tools

THREADING TOOLS

Solid taps Collapsible taps Self-opening dieheads Thread chasers

CONTRACT SERVICES

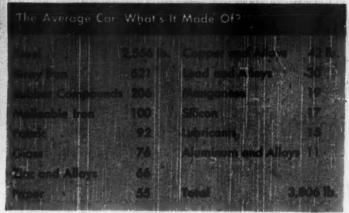
Engineering and design Dies of all sizes Tooling Contract manufacturing Forms, threads, precision parts Special production machines

Call, wire ar write for a qualified Sheffield engineer to help select equipment which best meets your expanded requirements. Address CUSTOMER CONSULTATION SERVICE.





PRODUCTION



Teamwork vs. Shortages

Manufacturers set up groups to study substitutions as all materials move onto critical list. Experts move fast to counter swiftly changing needs by ingenious maneuvers.

Mobilization is barely under way, yet materials shortages are already biting hard at the heels of manufacturers. That's a new feature; in World War II things didn't get tough for nearly a year. This time, in a matter of months, shortages are popping up; almost every material can be classified as critical.

• New Methods—To meet the speededup problem, manufacturers have had to use new methods. In general, they have found the answer in teamwork. Fastacting, quick-thinking departmental teams have been set up. These recommend changes as fast as the supply picture changes.

This week, a BUSINESS WEEK survey shows that industry all over the country is facing up to shortages, mostly by the teamwork method. The changes called for by the teams are novel, reflecting the kalcidoscopic shifting of the supply situation. And it's clear that the changes of today will be gone again tomorrow. Materials policies are shifting back and forth.

Take stainless steel, which is going to be critical. Watch the veering policies of one appliance manufacturer. In a brief time, he has substituted one kind of stainless for another, to avoid using nickel in the alloy; he has substituted chromium-plated steel (though both chromium and steel are hard to get) for stainless; aluminum (short, too) for stainless. That's only the beginning. According to a company ex-

ecutive, it may have to shift back to old materials within two or three weeks, or launch out in wholly new directions.

Need For Speed—It's more than a question of critical or noncritical. It's a matter of what you can get at the

moment you need it.

One of the top problems: When you switch materials, it invariably raises production costs.

 Overhead—That's not all. If shortages force you to limit production, youroverhead stays at the old level, so your unit cost goes up.

unit cost goes up.

Here's how different manufacturers are tackling the problem:

General Electric is in an unusually good position; its "Value Analysis" group was already functioning (BW-Jul.16'49,p42). Originally set up to keep an eye on costs, this group is in an ideal spot to handle quick shifts in materials. It's acting as a sort of FBI for delving into substitute materials.

The men in the Value Analysis team know materials, engineering, sales, factory planning. Their present—and difficult—goal is to maintain product quality and keep costs within reason.

• Double Teaming—A slightly different approach is used by a farm machinery manufacturer. Here, two teams are set up. One studies materials specifications to be ready for National Production Authority moves. Its recommendations go to engineers in the operating division. The second group takes care of procurement and inventory. The two

groups work closely together; disputes are settled at top levels.

• Marketing—In the case of a big electric range manufacturer, the substitution program has been running for months. The planning here is done by an interdepartmental group representing engineering, manufacturing, product-planning, and marketing. The marketing people are represented to keep an eye on product salability. This company says that every component of its products has been analyzed from the materials angle. Design is flexible enough for quick change; the changes, when possible, will be entirely "hidden," affecting neither appearance nor quality. But costs will certainly

Here are some of the ideas this company has ready to use: An aluminum reflector pan can be replaced by darkblue porcelain. Aluminized steel or bright steel strip can replace stainless steel banding. Copper can be saved by reducing the thickness of tubing walls. Cobaltless frits can be used for

enameling.

• Committee—At Apex Electrical Mfg. Co., materials specifications have already been changed. Some of the shifts—like the use of Fiberglas moldings instead of aluminum—have been evolutionary (BW—Mar.5'49,p44), rather than forced. All the changes are planned at weekly meetings of 10 to 15 engineering and production executives. Makeup of the committee changes with the product to be discussed. If a change seems good, one member of the committee does a product-engineering study, reporting within a specified time. If the report is favorable, management gives him the go-ahead.

 One-Man Job—Another midwestern outfit uses the one-man approach, with a top-flight engineer on the job. He travels around the various departments, looking for angles and advice. Final

decisions are up to him.

In general, the larger the company, the more it is preoccupied with a substitutions program. The angle of size is one of the points brought out by John Craig, general manager of the Crosley Division, and vice-president of Avco Mfg. Corp., makers of TV, radio and appliances.

This is what Craig had to say: "There have been no materials changes yet, but, if we do make substitutions, it won't reduce costs and probably will increase them for two reasons: (1) tool changes, and (2) the upward trend of

all materials prices. .

"The Crosley Division has a new problem: size. In the last war, the company was smaller, demands for materials were smaller. Now the entire purchasing and engineering departments are dealing with shortages as their major problem."

American Blower . . . a time-honored name in air handling



Philadelphia* is another city with a conveniently leasted American Blower breach office to provide you with data and equipment for air handling. You can reach American Blower in Philadelphia by calling Rittenhouse 6-6393. In other cities, consult your phote book.



BANKS PROFIT ...

Banks have a way of keeping their customers' consfort well in hand. Many have found American Blower Fans and Capillary Air Washers keep air refreshingly clean and customers and employees delightfully cool. Using fans and air washing equipment as a combined unit is a highly effective method of providing comfort cooling, yet its cost is surprisingly low. If you're interested in similar equipment for your business, call our nearest branch office.



BUS TERMINALS PROFIT ...

Like any business, a big metropolitan bus terminal needs to maintain a pleasant atmosphere. And we're proud to report that one of the country's largest terminals recently ordered 85 American. Blower Type A Conditioners. These reliable units are designed for summer cooling and dehumidifying and winter heating and humidifying. Type A Conditioners might prove an equally profitable investment for you since the advantage lies in being able to meet the climate conditions of any season with a single unit.



FARMERS PROFIT . . .

They put air to work down on the farm, too. Drying a big barnful of damp hay used to be a problem, but no longer. Enterprising farmers around the country use American Blowe Hay Curing Fans to speed up drying time. More hay is cured, hence more dollars in profit. For helpful information on hay curing fans, consult our nearest branch office.

*if you attend the Heeting and Vuntilating Exposition in Philadelphia, January 22-26, 1931, you are extended a cerdial invitation to visit our exhibit in Booth A.

AMERICAN BLOWER CORPORATION, DETROIT 32, MICHIGAN CANADIAN SIROCCO COMPANY, LTD., WINDSOR, ONTARIO

Division of AMERICAN RADIATOR & Standard Sanitary convention

YOUR BEST BUY

AMERICAN BLOWER

AIR HANDLING EQUIPMENT

. Serving home and industry

ANTERIAL CRAMMAD . MATTERIAL DE SINCE DE SETS - DETROIT L'INNESTRE - DEPARTE MATTER - DATE MATTER - TORNESSES - DOIS MATTER - DOIS M

The air is full of customers...

Radio reaches annost everyholds. For there is a radio set

in 95% of all American homes. Week after week, more people listen

to radio than regularly read all the newspapers or all the magazines in print.

Nowhere but in network radio can an advertiser command such an audience or his message. And nowhere an network radio can he reach so many

Why They. Went to Oklahoma

WITH SYLVANIA



IT WAS

The Fast-Growing Southwest Market

H. W. Zimmer*

Executive Vice-President

Sylvania Electric Products Inc.

"As a part of its program of manufacturing decentralization, Sylvania Electric Products Inc. wanted a radio tube plant in the fast-growing Southwest market area. Many places were visited and studied before the decision was made to locate in Oklahoma.

"In the manufacture of radio tubes we must have an adequate supply of low cost gas. We found it in Shawnee. But more than that, we found an ample supply of the kind of people we like to have working for us.

"Moreover, in every new location we must bring in a number of management and technical personnel for whom we require good living conditions and a progressive, alert neighborhood. These, too, we found in Shawnee.

"Although Sylvania Electric Products is a newcomer to Oklahoma, the warmth of our welcome and the cooperativeness of the people make us look forward to permanent residence there."

"Above statement a direct quotation in Mr. Zimmer's own words.

Okiahoma has many business advantages in addition to those which appealed to Sylvania Electric Products Inc., Sand for this book of information which describes graphically 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.





ROBOT HANDS of A. O. Smith lift device, extend between slats of crate, support it during lifting. They mean . . .



NO PALLETS: Company saves on space and cost in storage. Note row of lift devices on top of cargo p¹-te.

How to Move a Crate With a Finger Tip

A. O. Smith Corp. of Kankakee, Ill., approves of the human hand. So it has adapted lift assemblies that look and work like giant metal hands to its lift trucks. The assemblies are used for carrying crated water heaters from the production line to warehouses and shipping platforms.

 Fingers With Teeth—Here's how the attachment works: A row of springloaded fingers shaped like inverted L's mount across the top of a truck's lifting assembly. A slight pressure ap-



Earning 20% on investment

MISSOURI PACIFIC LINES' rapidly growing fleet of Diesel locomotives—with 262 General Motors units in the majority—is recording annual savings of at least 20% on the investment.

Based on present traffic, the Diesels handle 62% of the freight, 54% of the passenger and 44% of the yard service. And these percentages will be increased through recent purchases that will add 124 new Diesel units to the MP fleet.

The unmatched efficiency and economy of General Motors Diesel locomotives—

proved in 16 years of main-line service—are potent factors in the railroads' continuing struggle to provide high standards of public service in the face of constantly rising costs on other items of operation.

GM Diesels cost so much less to operate, both in fuel and maintenance, they repay their entire cost in surprisingly few years—often five years or less! Subsequent earnings over their long life help to purchase other modern equipment that keeps railroads competitive.





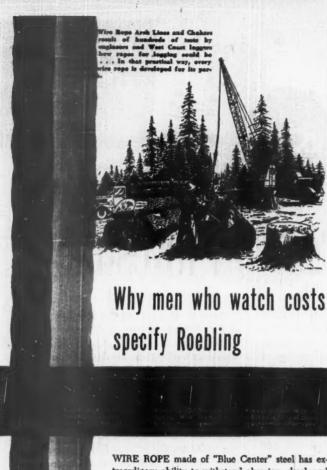
to Economy in Railroad Operation

ELECTRO-MOTIVE DIVISION

GENERAL MOTORS . LA GRANGE, ILLINOIS

Home of the Diesel Locomotive

IN CANADA: General Motors Diesel, Ltd., London, Ontario



WIRE ROPE made of "Blue Center" steel has extraordinary ability to withstand abrasion, shock and fatigue—a roundabout way of saying that it lasts longer and costs less! And "Blue Center" steel is an exclusive Roebling development—made only by Roebling. Records show that "Blue Center" Steel makes today's unbeatable wire rope for service and economy.

Similarly, Roebling's full range of electrical wires and cables, high carbon specialty wires, aggregate screens and woven wire cloth are the standard of quality. Research, engineering and the most modern, precision manufacturing facilities give the whole wide line of Roebling wires and wire products an unsurpassed plus value through out industry. THAT'S WHY...

Today it's Roebling!

JOZIN A. ROEBLING'S SONS COMPANY, TRENTON S, NEW JEBSEY
Allenias, 904 Aven Ave. & Besten, 51 Sleeper St. & Chicage, 5235 W.
Rooservik Roud & Checinants, 1253 Predaind Ave. & Checages, 5235 V.
Rooservik Roud & Checinants, 1253 Predaind Ave. & Checages, 104 Chicage
Ave., N. E. & Doncor, 4001 Jackson St. & Heusten, 6216 Norigation Bird. &
Lee Angelon, 216 S. Alamand St. & New York, 19 Roctor St. &
Philiodophica, 125 N. Twelfith St. & Pervisiond, 1042 N. W. 14th Ave.
Son Francisco, 1740 Seventeenth St. & Sozalish, 900 First Ave. S.

A CENTURY OF CONFIDENCE

plied to the tips of any of the fingers tilts them backwards. A vertical plate below the fingers acts as a back rest for a crate during hauling.

An operator moves his truck forward until the plate and a crate are face to face. When the crate presses against the fingers, some of the fingers extend between its horizontal slats, others (the ones that come against the up-and-down slats of the crate) just tilt backwards. As the lifting assembly rises, the fingers support the load of the crate by pressing against its horizontal slats. Saw-toothed edges on the tops of the fingers bite into the slats, and give a firmer grip. The attachment can handle one, two, or three crates at a time.

 Outdated—Like many devices that are patterned after human operations, Smith's finger lifts have sent secondbest accessories to the junk pile. Cumbersome pallets and conventional forktype lifting arms—usually a must in materials handling—are now old hat around the plant.

Clark Equipment Co., Battle Creek, Mich., will market the finger lift under licenses from Smith.

PRODUCTION BRIEFS

Insulating firebrick, made by Babcock & Wilcox, muffles noisy, high-velocity gases during jet engine tests at General Electric's Lockland (Ohio) plant. The firebrick lines the inside walls of 14 exhaust stacks.

A new titanium metal operation was launched by National Lead, presumably with government backing. The company leased 80 acres with seven buildings at Henderson. Nev., from Basic Magnesium, Inc. The Colorado River Commission has allocated the plant 151-million kw. annually—a sizable chunk of the annual industrial supply.

Steel can be cold-extruded more efficiently using a lubricating process described in the December issue of the Commerce Dept.'s Technical Reports Newsletter, Washington 25, D. C.

An electric governor for small generating plants, designed by the Navy, responds to changes in load faster than conventional mechanical governors. It opens the engine throttle before, instead of after, a change in generator speed.

Sealing pipe joints against leaks and locking nuts on bolts are two possible uses of a compound, called anaerobic permafil. It stays liquid while air bubles through, but hardens quickly when away from air. GE developed it.



American industry has announced plans for more new industrial construction in the Gulf South-the area served by United Gas-than was let in the entire United States in 1949. It is 26% of all the industrial building now being planned in the country. It will cost more than one billion dollars, and it is all "private

Does anyone need more convincing proof of industrial opportunities in the Gulf South? Investigate the advantages this area offers your business. Consider the wide diversification of raw materials, the abundance of industrial water and electric power, the easy availability of low-cost natural gas fuel. If economical water transportation is a location factor, the Gulf South provides an extensive network of navigable inland and coastal waterways that lead to countless domestic and foreign markets. A mild, healthful, yearround working climate means more pleasant living conditions for your workers and greater production for your plant.

The Gulf South is a bustling, prosperous land of expanding markets, with vast stores of available raw materials, and a growing backlog of skilled and management-trained workers. There are scores of preferred industrial sites in the cities and towns served by United Gas, Perhaps we can help you select yours.

*Proposed industrial construction as reported at the end of 1949 by ENGINEERING NEWS-RECORD, a McGraw-Hill publication, for Texas, Louisiana and Mississippi.

ving industries in the Gulf Sc



ITED GAS SERVING THE GULF GOUTH

INDUSTRIAL DEVELOPMENT DIRECTOR, P. O. BOX 1407, SHREVEPORT, LA.



Did you ever stop to realize that every time you sign a check, you are advertising, "This signature is the DOOR to our bank account?"

And, when that DOOR is a hand signature, it can be easily opened, inviting the forger to dip heavily into your company's funds. Every year hundreds of thousands of dollars are lost by small as well as large firms through forgeries of hand written signatures.

LOCK THAT DOOR with a Todd Protectograph Signer. No crook has ever beaten a Todd Signer! With it, you may be certain

your funds will be safer, that your signature will defy duplication, that every check will be dutomatically counted on a non-resettable meter.

Besides real SAFETY and CON-TROL, the Todd Signer is fast—will save valuable executive time. It will pay you to find out *now* about this Todd Signer. Just clip the coupon below for full details without cost or obligation to you, of course.



THE TODD COMPANY, Inc., Dopt. W, Rochester 3, M.Y. Please let me have further information about the Todd	1341211
Protectograph Check Signer and its insurance features.	
Firm	
Address	roll in the Todd
CityZoneState	
	SALES OFFICES IN PRINCIPAL CITIES
BW-12-30	DISTRIBUTORS THROUGHOUT THE WORLD

NEW PRODUCTS



Party Line for Dictators

Thomas A. Edison has a "party line" dictation system, called TeleVoice System, that simplifies recording and transcribing business correspondence. It consists of from one to 20 telephone receivers that connect directly with a central recording instrument.

You lift up the phone, press a talk switch on the phone handle, and dictate just as though you were speaking over the phone. At the other end of the line, inside the central recording instrument at a secretary's desk, are plastic disks. The disks, controlled by the talk switch, automatically record as soon as you begin to speak. The secretary can transcribe during or after dictation. To make corrections, you press a button on the phone base and hold the talk switch down. To listen back, press only the button on the phone base.

A small red light on each phone goes on when the system is in use, to ward off possible conflicts. According to the company, there is usually only a one-minute wait, since the average letter is only 120 words long. Telephones can be located any distance from the recorder.

• Source: Thomas A. Edison, Inc., 51 Lakeside Avenue, West Orange, N. J. • Price: \$720 for recording instrument; \$75 for each extension.

Store Statistician

Kimball Co., Potter Instrument Co., and Remington Rand, Inc. together have developed a system for department stores that automatically handles a maze of sales and inventory figures. The system has three major steps, each one involving a different machine:

• The Kimball machine prints and punches price tags for one-, two-, three-, and four-piece garments. You set the 30 available columns, each numbered 0 to 9, so they'll record the required in-

formation on the tags-size, price, etc. You also set a device that turns out exactly the number of marked tags you want. You feed a continuous strip into a slot. The tags come out marked and clipped, ready for the garments.

 After a sale, you put the price-tag stubs in the Potter electronic "reader." This second machine has a photoelectric eye that reads 100 punch-coded stubs a minute, reproduces the data on stand-

ard punch cards.

• Finally, the Rem Rand tabulator prints ordinary reports from the punched cards. These up-to-the-minute reports are then available for tabulation,

recording, and analysis.

The system reportedly saves 90% of the cost of transcribing sales data from price-tag stubs daily. Operating the ma-chines is simple. The only real work is presetting.

• Source: A. Kimball Co., 307 W. Broadway, New York City; Potter Instrument Co., Great Neck, New York; and Remington Rand, Inc., 314 4th Ave., New York City.

Magic Eye Spots Fires

Most fire-detection systems aren't foolproof. That's because they react only to heat, smoke, and other secondary signs of fire-and react slowly. Fireye Corp., however, has a system that "sees" and responds instantly to fires. The Air Force already plans to install it in many combat and transport planes. And Fire-

The system consists of a control box and six detectors. Each detector is a tiny lead-sulfide type photoelectric cell that reacts to infrared light flickering at a frequency of 5 to 20 cycles per sec. One detector covers a radius of 20 ft. When the detector "sees" a flame or the reflection of a flame, it sends an impulse to the amplifier in the control box. The amplifier, in turn, rings an alarm.
• Source: Fireye Corp., 77 Broadway,

Cambridge 42, Mass.

· Price: About \$485 for control panel and six detectors.

NEW PRODUCTS BRIEFS

A dial-type thermometer, made by Taylor Instrument Co., 95 Ames St., Rochester 1, shows present, lowest, and highest temperatures for a given period. A knob on the face of the dial resets the low and high indicators.

A nylon paint brush has five times the life of conventional hog-bristle brushes and costs only one-third as much. The nylon bristles now have a taper-like ordinary hog bristles-that makes the brush easy to break in. It's a product of Sherwin-Williams Co., Cleveland.

The air is yours



ALMOST ANYTHING

In these uncertain times, quick delivery of your goods is more important than ever. Today, smart businessmen are finding that almost anything can be shipped by airfrom flowers to furniture, from luggage to livestock, from



garments to grand pianos. Consider the things you ship or receive-then ask your nearest airline to tell you how quickly and economically they can go by air.

CORPORATION

EAST HARTFORD, CONNECTICUT

MAKERS OF PRATT & WHITNEY ENGINES, HAMILTON STANDARD PROPELLERS, CHANCE VOUGHT AIRCRAFT AND SIKORSKY HELICOPTERS FOR THE U. S. ARMED FORCES AND THE FINEST AIRLINES IN THE WORLD.



Large City Adopts Cleco RC-80 Paving Breaker After Competitive Tests

A large eastern city tested the Cleco RC-80 Pneumatic Paving Breaker by comparison with a competitive tool they had been using as standard.

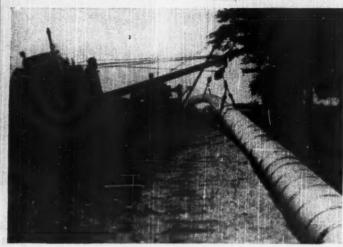
When the Cleco RC-80 proved to be approximately 30 per cent faster, it was standardized for all city work.

The labor saved paid for the tool investment in 18 weeks. Future savings can now be passed along to the taxpayers.

Similar records have been achieved with Cleco Sump



UTILITIES



NEW PIPELINE from south Texas to Joliet, Ill., will pump 383-million cu. ft. a day.

Chicago Gets More Gas

Texas-Illinois natural gas pipeline, opening late next year, will nearly double city's winter supply—and summer surplus. Peoples' Gas Light may store the excess underground.

Under rich farmlands 60 mi. southwest of Chicago lies a deep layer of porous sandstone. Geologists are test-drilling it now. If conditions prove right, the spongelike subsurface will make a vast underground reservoir for natural gas. And for James F. Oates, Jr. (cover), it will solve the toughest problem that has faced him in his three years as president of the Peoples' Gas Light & Coke Co. in Chicago.

• Seasonal Surplus—Unlike most metropolitan gas distributors, Peoples' is a fully integrated company. Through its subsidiaries, it controls the gas it sells all the way from the well to the customer's appliance. It is concerned as much with the business of piping natural gas thousands of miles as it is with the business of local distribution —as much with supply as with demand.

But in the natural gas pipeline business, supply and demand are hard to reconcile. While demand shifts sharply up and down with the change in seasons, supply has to stay nearly constant. Pipelines cost big money to build—about \$100,000 a mile. To pay for themselves, they must deliver at near capacity all year round.

If capacity is adequate for peak loads in winter, what becomes of the surplus during the summer months when demand is low? That's the big problem that an underground reservoir would solve.

Come summer, Peoples' could start pumping its surplus right into the ground. Trapped on top by a layer of hard rock and below by salt water that it had forced away from the porous sandstone, an almost unlimited volume of gas could be stored under pressure, ready for use in the winter, when demand gets heavy.

• Priority System—At present, Peoples' is handling its problem of surplus in a way that is conventional in the utilities industry. It divides its customers by priority. High-priority or "firm" customers get gas whenever they want it. Low-priority customers buy on an interruptible or off-peak basis. They pay less for gas but they get it only when there is a surplus.

Two things are wrong with that system as far as Peoples' is concerned. In the first place, it's costly; a heavy share of annual volume has to be sold at dump rates. Second, Peoples' is faced with a rapidly expanding market. To meet the demand, it is building a new pipeline that will eventually double the amount of natural gas coming into Chicago. That will mean even bigger surpluses during the summer—bigger.

ALL OVER HER they

the sig Added Val

A sign of quality, yes. But the familiar is a sign of service, too — all over the world.

Let a P&H machine need service...anywhere...anytime...help is on the way — fast! Here in America, 18 service branches — a web of warehouses and dealers — keep repair parts on hand at all key points. In Milwaukee, one whole plant is devoted to nothing but service.

It all adds up to this: You buy P&H for quality...for Added Value. It is for P&H service to maintain that quality throughout the life of the product.

Quality...Service. Both have grown as P&H has grown — for more than sixty-six years.



















Money

Marel Sections

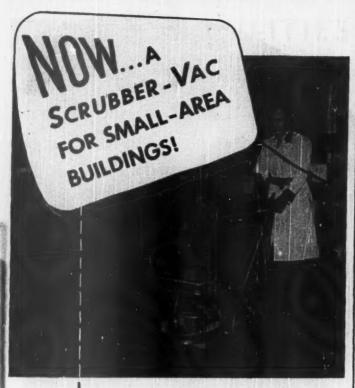
Electric Heiste

Power Shoul

Overhead Crasss

Trusk Crenes

walding Emiles



Cuts Floor-Cleaning Time 2/3!

- Specially designed for buildings with 2,000 to 15,000 sq. ft. of floor space
- Applies the cleanser, scrube, rinses, and picks up in OHE operation
- . Can be used for BOTH wet and dry work
- Self-propolled operator merely guides the machine
- Can be leased or purchased (leasing budgets cleaning expense)

Now the labor-saving advantages of combination-machine-scrubbing are available to small as well as larger buildings. With the new 418P Finnell Scrubber-Vac, small-area buildings can clean their floors in approximately one-third the time required with a conventional 15 or 18-inch polisher-scrubber using separate equipment for pickup. A Finnell Scrubber-Vac speeds cleaning by handling four operations in one! It applies the cleanser, scrubs, rinses, and picks up (damp-dries the floor)—all in a single operation.

The new 418P Scrubber-Vac handles the dry work (polishing, et cetera) as well as the scrubbing. Embodies all the refinements of Finnell's larger combination machines. Has 18-inch brush ring. The vacuum performs quietly,

SEE IT IN ACTION ON YOUR OWN FLOORS!

Find out what you would save with a Finnell Scrubber-Vac. Finnell makes several models and sizes. For demonstration, consultation, or literature, phone or write nearest Finnell Branch or Finnell System, Inc., 3812B East St., Elkhart, Ind. Branch Offices in all principal cities of the United States and Canada.

FINNELL SYSTEM, INC.

Planeers and Specialists in

BRANCHES IN ALL PRINCIPAL CITIES probably, than interruptible and offpeak customers can buy up.

• New Pipeline—The new pipeline will be operated by Texas Illinois Natural Gas Pipeline Co., a Peoples' subsidiary. It is due to deliver 383-million cu. ft. of gas a day, beginning late next year. It will have an ultimate capacity of 524-million cu. ft. daily—pending availability of sufficient gas reserves in south-

reast Texas.

Peoples' already has 500-million cu. ft. of natural gas coming into Chicago every day through the pipelines of two other subsidiaries, Natural Gas Pipeline Co. of America and Chicago District Pipeline Co. Natural operates a dual line running from gas fields in the Texas Panhandle and Oklahoma to Joliet, Ill. It sells its gas there to Chicago District, which then pipes it into Chicago to sell to Peoples' and other independent utilities in the city.

Still Not Enough—With the prospect of being able to deliver a total of over

of being able to deliver a total of over 1-billion cu. ft. of gas into the city, Peoples' would seem to be pretty well fixed for gas supply. But Oates says no; homeowners demands are growing far faster than new pipelines can supply them. Even with the new gas supply due in late 1951, only half of the 90,000 potential customers now on the waiting list for gas for house heating can be accommodated.

And, since gas is the cheapest fuel for house heating in Chicago, the waiting list is growing at the rate of 3,000 a month. Oates thinks that this is "intolerable." He warns that "unless we of the gas industry are able to arrive at the answers that provide service to the public at reasonable prices, we can be assured that politicians and representatives of government will present what they consider the best solution." · Growing Years-Oates' experience as a legal specialist on utility matters fits him well to lead the rapid expansion of Peoples' that began soon after he took over as president. Within 11 months, the utility bought 100% ownership of both Natural Gas Pipeline Co. and Texoma Natural Gas Co., the gas-producing company for Natural. The

cost: \$32.7-million.

The deal took heavy financing. Peoples' sold \$16.4-million of 3% debentures, 95% of them going to its own stockholders. It raised another \$10-million on a 24% bank loan. The rest came from retained earnings, depreciation, and miscellaneous sources. It converted the debentures into common stock early this year.

• Another Pipeline—About a year later, Oates led the utility into its big Texas Illinois Pipeline project. To get gas supply for the line, Peoples' gave Gulfcoast Northern Gas Co. half interest in Texas Illinois in exchange for Gulfcoast's interest in and negotiating



along the BsO!

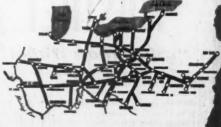
• You will find their plants here for reasons which, summed up, amount to this: In Baltimore & Ohio territory resources are so great, conditions so ideal, and transportation so efficient, that new plants naturally are attracted.

The proof: Since the war, Industry has invested more than half a billion dollars in new plants served by B&O!

Let us help you find the best place for your plant. Tell us your needs, in confidence, and our Industrial Development staff will submit, without cost or obligation, a plantlocation study measured exactly to your requirements. Ask our man!

Industrial Development representatives are located at:

New York 4, N.Y. Battimore 1, Md.
Pittsburgh 22, Pa. Cincinnati 2, Ohio
Chicago 7, Illz.





BALTIMORE & OHIO RAILROAD

Constantly doing things-better!





position with respect to certain natural gas reserves in southeast Texas. Of Texas Illinois' 11 directors, Peoples' retained the right to elect six, and former Gulfcoast stockholders elected the other five.

To finance the \$130-million pipeline, Texas Illinois sold \$90-million of bonds to 16 insurance companies. It raised another \$17.5-million through sale of stock, with Peoples' buying enough to boost its ownership to 52%. Finally, Texas Illinois sold \$12-million in 5% interim notes, which will be converted into preferred stock in another year. Peoples' bought half of these notes, too. sold them last month to three insurance companies.

Still unfananced is about \$11-million of the cost of building the line. This represents the cost of boosting gas volume from the originally planned 312-million cu. ft. a day to the presently

planned 383-million cu. ft, daily.
• Price Differential—Gas from the Texas Illinois line w... deliver at 25¢ per thousand cu. ft. at the Joliet terminus of Chicago District. This is 131¢ higher than the cost of gas from

Natural's dual line.

Oates and his associates feel that the fair way to apportion the higher cost of the Texas Illinois gas is to sell it direct to utilities, charging them the higher rate for whatever gas they use over the amount they are taking now

from Natural's dual line.

This policy will necessitate a change in the operating procedure of Chicago District, the Peoples' subsidiary which carries gas from the pipeline terminal at Joliet to utilities in Chicago. At present, Chicago District takes title to the gas as it is delivered to Joliet, sells it in Chicago. As soon as Texas Illinois gas starts coming in, it is planned that Chicago District will stop buying the gas and simply serve as a carrier from Joliet to Chicago, charging a fee for transportation services through its lines. · No Straight Sold-Even though it has built up this elaborate natural gas system, Peoples' does not distribute natural gas in Chicago. Like many metropolitan utilities, Peoples' sells a mixed gas, a blend of natural and manufactured gas. Surprisingly, this mixture has a lower, not a higher, heating value than pure natural gas. There

will stick to mixed gas: (1) Oates figures that it would cost his company about \$15-million to convert his present customers' appliances to handle the high heat value of nat-

are several good reasons why Peoples'

(2) Peoples' has over \$30-million invested in its own gas-producing facilities. It wants to keep these units in good condition to meet any possible emergency such as a break in its natural gas lines.

MARKETING

CONTRACTOR AND ADDRESS OF		Jugania Lara		No.	
	Eption	ated Don	estic fox faid	Sales	
				Shore	of Montes
Irend	1949	1950	Change	1949 -	1950
Camel R. J. Roymids)	97.0	97.5	+ 0.52%	27.4%	26.9
ucky Strike	94.0	86.0	- 8.51	263	23.8
Chesterfield	68.0	65.0	- 4.41	19.3	18.0
Philip Morris	32.0	40.0	+ 25.00	•.1	11.0
Pall Mail American Tobacca)	18.0	23.0	+27.7%	5.7	8.4
Old Gold	17.5	19.5	+11.76	5.0	5.4
Kool Brown & Williamson)	7.5	9.2	+22.65	2.1	2,5
laleigh	7.0	7.5	+ 7.14	2.0	/2.1
Greyion	5.5	7.0	+27.27	1.6	1.9
Viceroy	.8	1.2	+50.00	0.2	0.3
Parliament Senson & Hedges)	.6	1.0	+66.66	0.2	0.3
Wings and Avalon	1.0	0.8	-20.00	0.3	0.2
Marvel Stephano Bras.)	1.0	0.7	-30.00	0.3	0.2
All Others	1.9	3.7	+94.74	0.5	1.0

1950: Banner Cigarette Year

Unit sales of 362.1-billion in U. S. top all previous records, with Camel again out front. Big Three's leadership slips some more as Pall Mall climbs. Rising costs, taxes worry manufacturers.

Americans smoked more cigarettes this year than ever before—a whopping 362.1-billion of them. In the annual fag derby, Camel again led the field, Philip Morris gained an estimated 8-billion in unit sales, and a king-size cigarette, Pall Mall, crashed the big time by moving into fifth place.

Pattern-Walter E. Knight, University of Louisville expert on industry trends, took a close look at the industry for BUSINESS WEEK, SAW a few patterns emerging.

Big Three leadership is waning.
 Combined sales of R. J. Reynolds,
 American, and Liggett & Myers slipped down to 77% of total domestic sales.
 The trend started to become apparent last year, then the Big Three's share

was 80%. In 1947, it stood at 84%.

 Prosperity takes its toll. Postwar unit sales of some of the economy brands have been cut in half; more people are able to pay more for the prestige brands.

• King-size cigarettes are gaining a bigger share of the market, with Pall Mall nosing Old Gold out of fifth place. Newcomers in the field—Cavalier and Embassy—have made little headway.

• Bitter with Sweet—The industry has its woes, in spite of skyrocketing sales. Manufacturers are still paying high prices for leaf tobacco. Opening prices for the burley crop were up \$3.25 per hundred from the 1949 average. Quality and size of the crop were down. It is estimated that the burley crop is 11%

less than 1949's 560-million pounds. Those factors caused the U.S. Dept. of Agriculture to raise 1951 burley quotas by 9%.

Leaf prices will continue to be high next year. But manufacturers will not feel all of the 1951 increase. The industry carries large inventories from year to year. In figuring production costs, it will average the price paid for 1949, 1950, and 1951 tobacco inventories. Thus, the average cost of production lags behind tobacco prices.

duction lags behind tobacco prices.

• That's Not All-Other costs have gone up this year. Labor rates were raided, paper and packaging costs have climbed steeply since Korea, and supplies are beginning to tighten.

Taxes worry the manufacturers, too. The July price advance left most of them in a position for good profits even with a moderate rise in corporation tax rates. But a higher rate or excess profits tax makes the outlook cloudy.

• Sales Record—When all this is said, a peak is still a peak. For the eleventh straight year, the industry set a new sales record. This year's 362.1-billion unit sales in the domestic market is a 2.93% gain over 1949, and it is 3% greater than the combined export and domestic sales of only four years ago. Exports this year amounted to 32.5-billion units

• Brand Lineup—Within the industry, Camel increased its lead over Lucky Strike with an estimated half-billion gain in domestic sales. Reaching the top is not mere chance with Camel. Since the end of the war, it has held list price at about 3¢ a thousand below its closest competitors (up to the July price increase). It also acquired new funds, maintained a balanced ratio between sales and advertising costs.

Lucky Strike, which came close to beating Camel for top honors last year, dropped an estimated 8.5% in sales. But the loss was made up by American's king-size brands, Pall Mall and Tarey-

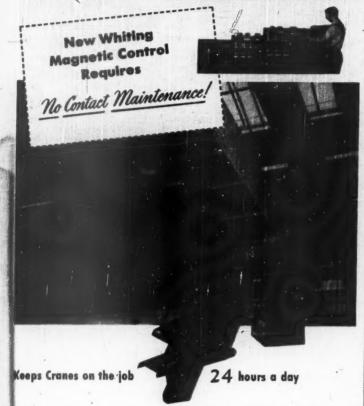
Chesterfield, last of the Big Three, dropped 3-billion in sales, wound up with a 4.41% decrease from last year.

Philip Morris, former dark horse in the field, racked up a 25% gain in sales. Much of Philip Morris' success came from an aggressive advertising and merchandising campaign.

merchandising campaign.

Brown & Williamson credits Kools' 22.6% gain to a valuable franchise in spot radio time built up over the last five years, plus animated spots on some 69 television stations. B & W's other coupon-backed brand, Raleigh, steadied after 1949's surge of 133%. But its economy brands—Wings and Avalon—lost ground along with Stephano Bros.' Marvels.

Avoid Crane Shutdowns



Here is a crane you can operate 24 hours a day without stopping to file or dress the control contacts. The new Whiting Magnetic Control has solenoid contactors with ailver-alloy contacts that never need filing or sanding. Eliminates expensive, timeconsuming contact maintenance.

The new Whiting Magnetic Control replaces bulky drum-type controllers with master switches that occupy very little space and give the operator full vision in all directions. In addition, heavy overengineered clapper contactors are replaced by modern, compact solenoid contactors—rated to fit the motor. Heavy slate panels and sheet metal enclosures are eliminated. Yet the new Whiting Magnetic Control is only slightly more costly than drum-type control, and much less expensive than conventional magnetic control,

Your new Whiting Crane can be equipped with the new simplified Whiting control system, or with conventional manual or magnetic systems. Furthermore, Whiting will convert manual-type cranes to this new magnetic system.



WHITING

OVERHEAD TRAVELING CRANES

Also: Hoists, Jib Cranes, "TRAMBEAM" Monorall Systems, Conveyers, Foundry Equipment, Railroad Equipment, Metal-Working Machinery, Swenson Evaporators and Spray Dryers.

Whiting Corporation

15661 Lathrop Ava., Harvay, Illinola Offices in Chicago, Cincinnati, Detroit, Houston, Los Angeles, New York, Philadelphia, Pittsburgh, and St. Louis. Representatives in other principal cities. Canadian Subdidiers; Whiting Corporation (Canada) Ltd., Toronto, Ontario. Enport Department: 30 Church St., New York 7, New York 7, New York 7, New York

Appliance Sales

Industry begins to think in terms of easing off on promotion. But plans are still fluid, with production and demand doubtful.

Just a few weeks ago the appliance industry was figuring that it would have to generate pretty heavy sales pressure in 1951 to move its electrical appliances, radio sets, and television receivers.

This business-as-usual view was based on two beliefs:

 Production, despite military demands, would come near equalling 1950's record output.

 Demand would be lowered by credit restrictions, heavy taxes, and other depressing factors.

This spelled a need for selling. Westinghouse talked about putting on the heaviest advertising and promotion drive in its history (BW-Nov.28'50,p78). Crosley division of Avco planned to up its advertising budget from \$6-million to \$12-million. Other companies were planning record-breaking campaigns.

*Scaling Down-Very quietly, however, the appliance industry as a whole has been revising its earlier estimates. It still has some qualms over the immediate sales picture. But in the light of what has happened in the past few weeks, it looks as though long-range promotional planning is going to be scaled down considerably.

This week you had a good example of why appliance people are taking stock once more. The government announced that it would award some \$5-billion in contracts for electronic equipment—\$1-billion more than previous estimates. On the basis of this news, the Radio-Television Manufacturers Assn. figures that television receiver production in 1951 will be cut back about 50% from current levels.

• Still Planning—The repercussions of this and similar news on the military front are difficult to pin down exactly at this point. Right now most companies are still in the throes of figuring out their next year's advertising and promotion budgets. But you can judge which way the wind is blowing.

Hotpoint provides one weathervane. This major appliance maker says that it is holding back the preparation of such advertising material as point-of-sales displays and dealers' promotion programs until it sees how much will be needed.

Hotpoint doesn't expect a sales lag during the early part of the year. But should there be one, it still has no worries. It figures that it can afford to hold inventories on the theory that these stocks will look mighty good when the cutbacks begin to be felt.

· First Quarter-What worry there is, seems to center mainly on the first quarter of 1951. Many appliance people figure that output during this period will still be high. Even the otherwise-pessimistic Radio Television Manufacturers Assn. says that output will be very heavy for the first two or three months of the year. Then, about the fourth month, manufacturers' inventories of materials and components will dry up.

This same thinking can be found in other parts of the appliance industry. Lewyt is counting on turning out more vacuum cleaners during the first quarter of 1951 than it did during any quarter of 1950. As a consequence, Lewyt has announced that its spring advertis-ing program will be double last spring's.

A major manufacturer of refrigerators is also planning to go ahead with an all-out sales promotion program during the first quarter. It has enough materials to carry out high production. It will take a real selling job to move this output, it thinks. But after March it has no advertising commitments. From then on it will play it by ear.

· Subject to Change-This same note of caution can be heard elsewhere. RCA insists that it is planning its 1951 advertising budget on the "basis of a normal competitive year." But it points out that its schedules are subject to immediate change. Other major companies, in the process of revising their budgets, also stress the fact that they can change schedules immediately if that should prove necessary.

· Big Production-There are, however, some bullish observers in the field. Most outstanding is General Electric, which for the past few weeks has stuck firmly to the view that production will remain high, and plenty of selling will

be needed. GE's main point is that 1950 is the biggest year the appliance industry has ever had (output will come to about 53.7-million units). So when you talk about cutbacks, you're talking in terms of huge volume. Furthermore, GE figures that demand will also suffer setbacks because of credit restrictions, taxes, some unemployment, and a dip in homebuilding. It estimates that consumer demand for major appliances will be off approximately 25-30%; for smaller appliances, approximately 20%. These dips in demand will about offset the dip in output. So it plans no cutbacks in its advertising budget.

Whether the industry as a whole shares this view will be seen when the big boys begin to announce their 1951 plans. Chances are they will take the view of one appliance maker who says that "the big question is how much we can make, not how much we can sell."

Retail Bonanza

Sales head for 8% increase over 1949 despite slow start. And the trade sees rosy future despite heavy inventories.

In spite of their anguished yelps about slow sales early in the year, the nation's retailers are winding up 1950 with sales about 8% ahead of last year. All retail stores had slow going in the first half, when they gained only 4.5% over 1949. But third-quarter volume jumped 17% to boost the 10-month total 8.7%.

• Durable Goods-Department stores as a group didn't fare that well; most of the retail increases came from heavy buying in durable goods, nonperishable foods, and household goods. Durables gained 22% in the first 10 months; nondurables, only 2.8%. That was largely due to scare buying after Korea.

Even so, department stores have no need for a crying towel. The Controller's Congress of the National Retail Dry Goods Assn. reports after a survey that during the first nine months department stores showed these gains over the same period last year:

· Sales, up 4%.

· Gross margin, up somewhat. · Expenses as a percentage of sales, down slightly.

Profits from merchandising operations, up to 3.6% compared to 2.1%.

· Net profit after taxes, up to 2.9% as against 1.9%

· Specialty Stores-The story wasn't much different for specialty stores, though their sales didn't show an increase. Gross margins went up to 38.4% from last year's 36.8%. Operating expenses were slightly higher. Profits from merchandising operations were 3.8% compared to 2.3% in 1949.

NRDGA says the higher gross-margin figures result from smaller markdownsgoods moved out fast enough so retailers didn't have to cut prices.

Retailers are purring happily over sales prospects for 1951. In spite of credit controls, scarcities that will appear in some lines, and higher income taxes, they expect a boom in soft goods. · Big Inventories-For all their longrange optimism, retailers may run into temporary snags. For one thing, inventories are stacked up to the roof. Federal Reserve figures put October department store stocks up 21% over a year ago. Stores are now weeding out inventories left over from Christmas, with white sales and other clearances.

Department store costs are trending upward, too. The cost of doing busiss is rising, with higher wages and sing costs for other operating items.

EMPLOYMENT

position Wanted
otriul Engineer affore services in piecemontracts for tools and metal parts. Kno
England industries. Box 8488,

Solismo New Inglend over colling on Submarine, Aircraft, Electronic mfra carry faderesistant arrylic contings for periospe, picting boards, dials etc. Elde this comm. basis.

Jobber . . . Interesting new device turns radia off when phone is answered, turns on again when call is completed. Good discount. Ken-worth Mfg. Co., 3455 N. Hoiton, Milwaukee 12, Wisc.

Qualified Leng experienced selemen age 45 wants position in midwest representing co. with real profits potentials. Box 8521.

SPECIAL SERVICES

Loons 21/2-31/2% per year on Life int. Policies Present Loans Transferred. Heary Ledersy Co., 46# So. Catalina St., Los Angeles & Calif. Cour-tesy to insurance Agents and Brokers.

Foreign Problem? Two them ever to McGrew-Hill. Representatives in 76 countries execute all kinds of bosiness assignments. Market stud-les. Economic surveys. Confidential on-the-spot reports. For details. write Overseas Business Services. McGraw-Hill International Corpora-tion. 330 West 42. New York 18. N. Y.

Cue you use gless? Indiene Mig. of Convex on Bent Glam can supply Special shapes and Since Decorated with Ceramic Colors fired into the glam. Tell us your problem. High Production Past Delivery, Box 24th.

EQUIPMENT

Seamless Steef Tubing, N.E. 8639 8609 Ft., D. D., 150 X.I.D., 220 Hays Mrg. Co. 69 South West-moor Avo., Columbus 4, Ohto.

Special

Start your own business quickly, prolitably! Let us show you how! Meet the tremendous demand for for for the tremendous demand for for the tremendous demand for the trement of t

.Wanted

Wire Wanted-Manel or 18.8 Steinless on Special Color of the Manel or 18.8 Steinless on Special Color of the Manel or 18.8 Steinless on Special Company, 2328 W. Nelson Street, Chicago 18. Illinois. Phone—Graceland 2-581.

BUSINESS OPPORTUNITIES

Patent Rights Available . . . Write for copy of Selected Inventions. Ele Development Co., L. I. City I, N. Y.

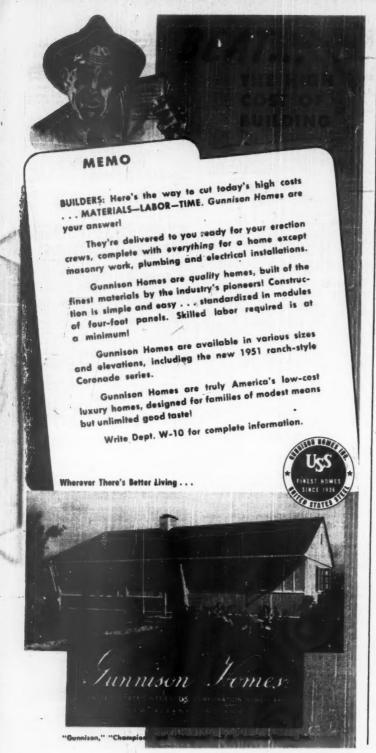
Agent or monufactures wanted: Rights available for importing or manufacturing for alle fully patented English air hole. Exclusive features of feather touch positioning and infinitely variantees of the state of the

For the Business Man . . . seeking a good investment in rural real estate see our big free Winter catalog. Bargains in many states . . . equipped farms, attractive retirement homes, tourist courts, stc., many pictures. Write for your free capy today. Used Farm Agency, 1821-18W Main Rt., Kanasas City S. Mo.

Pertner to exploit new plostic its article. Patents, Large trade proved (56% commission) Sample \$2.50. See it now. P. O. Box 943, Spring field, Macanchusetts.

BUSINESS SERVICES

MeGRAW-HILL RESEARCH
Completed coutings, through MeGraw-Hill's 1949
Compass of Manufacturing Plants and other services, to help companies—SEALING TO 1 INDUSTRY—determine market, rate, sales, territories, etc.
J. C. Ruper, Director—339 W. 43 St., N. Y. 18, N. Y.



MARKETING BRIEFS

Peak year for gas and electric ranges: Domestic shipments of gas ranges in first 11 months of this year totaled 2,-776,000 units, a 46.6% hike over same period last year. Electric range shipments for the first 10 months of 1950 add up to 1,541,200 units as against 895,300 units last year.

Motorists to pay more: Gas prices were raised 3¢ a gal. by Standard Oil Co. (Ohio). Reason, says Sohio, is recent hike in labor costs in Ohio service stations. . . . Electric Storage Battery Co. hiked prices of exide replacement batteries by 10%. Rising materials and manufacturing costs get the blame.

California milk industry wants to increase prices le a qt. Last week, after record hearings of only eight days, state authorities finished consolidated hearings on the subject. Decision is expected soon.

Pooling information on manufacturing and engineering will be the main benefit from the merger of Tappan Stove Co. and O'Keefe & Merritt. O'Keefe shareholders exchanged outstanding common stock for Tappan

common and cash with a value of \$5-

million.

Bay rum drinkers in Rome, Ga., may have a hard time getting their tonic. The city commission upped its license fee for handling the stuff to a steep \$225 per year.

Grand Union Co., New York food chain, and Food-O-Mat Corp. won patent infringement suit against Fort Pitt Fixture Co. Fort Pitt entered a consent decree that acknowledged validity of Food-O-Mat patents, and paid damages.

Logical combination: That's what Quaker Oats says about its purchase of Coast Fishing Co., a packer of canned fish and Puss'n Boots cat food. Quaker produces animal feeds, which use fish byproducts; cat foods use some cereal ingredients.

Rayon dresses in popular and low-end price lines will go up after the first of the year, according to trade reports. Increased cost of fabries and labor will cause a \$1 increase at wholesale levels.

"Met-urban" is term coined by Abraham & Straus to describe the \$2.5-million branch store it is building in Hempstead, L. I. (BW-Nov.4'50,p50). It will carry bigger stocks, offer more services than usual suburban branch.



- two-way dependability through

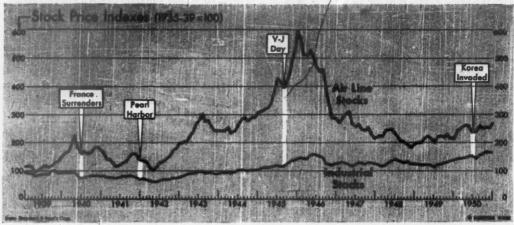
Sunspots and other atmospheric disturbances sometimes play havoc with radio communications. Earthquakes, volcanic action on the ocean floor. ships' anchors may break undersea cables. International Telephone and Telegraph Corporation, through its American Cable & Radio System, is the only U.S. international telegraph carrier that maintains both cable and radio circuits. If either is interrupted, your message is flashed by the other method. Take no chance—mark all messages for points oversea either: "Via All America," "Via Commercial" or "Via Mackay Radio."



INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION, NEW YORK, N.Y.

For information on overseas communication, address American Cable & Radio Corporation, 67 Broad St., New York 4, N.Y.

FINANCE



IN WORLD WAR II, airline stocks made spectacular gains. Investors see that pattern taking shape again.

Airline Stocks May Fly High Next Year

Leverage factor in carrier operations could boost earnings in spite of excess-profits tax. Systems can absorb much more traffic.

The earnings future looks bright for the major domestic airlines. War-or near-war traffic is sure to bring them a substantial rise in profits before taxes. And the excess-profits tax law, as laid out in Congress now, goes fairly easy on the carriers, allowing them to keep a good share of their take.

· Stock Rise-Wall Street is already responding to this optimistic outlook. Lately Standard & Poor's index of airline stocks has been climbing steadily (chart). Last week it nosed above the earlier 1950 high that was set last spring when investors began to realize that airlines had completed their post-war readjustment (BW-Mar.4'50,p93). · Leverage Factor-The rise in airline stock prices parallels a climb in rails (BW-Dec.23'50,p52)-and for the same reason. The earnings picture for both types of carriers is dominated by the leverage factor. Railroads and airlines must carry a huge investment in plant at all times, whether business is good or bad. When traffic is low, these heavy carrying charges cut deep into earnings. But when traffic is high, the leverage factor works in reverse. Rails and airlines can handle greatly expanded traffic without proportionate increases in operating costs. Bigger business readily shows up in bigger earnings.

Within the last two years, this leverage factor has swung the whole way from working against the airlines to working for them. At the end of World War II, airlines embarked, on an ambitious expansion program. They added new planes and new routes and took on additional personnel. Before they realized it, they had too many planes and too many pilots.

• High Breakeven Point—Wages, interest on funded debt, and depreciation go on whether a plane leaves the ground or not. That's why breakeven points in airline operation are high. The load factor (as a percentage of seat capacity) on a DC-6, for instance, must be from 55% to 60% to break even on a flight. Failing to fill their expanded capacity to that high a breakeven point, most airlines slid into the red and stayed there for some time.

In 1949, however, the carriers had checked their expansion and let demand catch up with capacity. The load factor averaged about 62% for domestic carriers that year. Airlines began to make money.

But it was Korea that really swung the balance. The atmosphere of semi-war stimulated travel by businessmen, servicemen, and their dependents. Last August and September, the load factor averaged 67%. And it looks now as if the third quarter may have been the best quarter for profits before taxes that the airlines have ever had.

One indication: Last week United Air Lines declared its first common stock dividend since 1946. President W. A. Patterson said the dividend was a result of record traffic and lower operating costs.

ating costs.

• Planes to Government—The prospect that the armed services might take over a large number of the airlines' planes in the event of war frightens many a cautious investor. But it holds no terrors for airline managements. They remember that during the last war the government took over about half the planes owned by the airlines Yet the carriers began to earn more, not less, money. Some of the big airlines earned more money in the late war years than they have earned in any year since.

You can see what happened by looking at the chart (above). Stock prices climbed to 30 and 40 times earnings. The carriers began to pay modest dividends. In 1945, Eastern paid 25¢ a common share on the present basis—its first dividend. American raised its dividend from 15¢ to 20¢ per common share in 1944. Capital Airlines paid the only dividend of its career in 1945. United began paying 50¢ a share in 1943—its first dividend since 1936.

• Slack—There's a lot of slack in the airline system. Government appropriation of commercial airplanes would simply take up that slack. The industry could use its equipment a lot more intensively—and more profitably.

Since the war, the airlines have had to schedule their flights at convenient hours in order to get passengers. They have to lure passengers with special fares in order to run flights at odd hours. Last year, for instance, the average airline plane flew only 6 hr. and







Nothing gives your travel funds more protection anywhere than NCB Travelers Checks. Thiefproof, loss proof . . . promptly refunded if lost or stolen . . . spendable anywhere. Good until used. Carry this famous guardian with you. Cast 75¢ per \$100. Buy them at your bank.

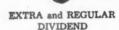
NATIONAL CITY BANK



TRAVELERS CHECKS
BACKED BY THE HATIONAL CITY BANK OF NEW YORK

First in World Wide Banking Mountor From Doppost Insurance Corporation





The Board of Directors has declared an extra dividend of twenty-five cents (25ϵ) per share on the Common Stock, and also the regular quarterly dividend of fifty cents (50ϵ) per share on the Common Stock, each payable February 15, 1951 to stockholders of record at the close of business January 19, 1951.

R. L. LINGELBACH Secretary

CELLULOSE

December 12, 1950

41 min. a day. Yet during the last war, the average commercial airliner flew nearly 11 hr. daily. Some lines were able to operate their planes an average 12 hr. a day.

To put it another way, in 1944 the average commercial transport flew nearly 1,700 mi. a day. Last year, although the average speed of planes in service was much faster, airliners averaged about 1,120 mi. a day.

Furthermore, the airlines could carry a lot more people per plane flight, if they had to. A DC-3, which normally carries 21, could be rigged to carry 28. A Boeing Stratocruiser, designed for 74, can carry over 100. The airlines do this now on coach flights. If the government took away enough of their fourengine ships, the carriers might find that people would be glad to pay the full fare for "air coach" accommodations. Trade observers believe that the Civil Aeronautics Board would be quick to drop the coach fare any time the carriers felt it was no longer necessary to get business.

• Nationalization—It's conceivable that the government could take over the airlines entirely as an essential part of national defense. The idea of nationalizing the carriers was considered seriously in Washington this summer. But, according to airline officers, it was decided to allow the major airlines to keep going: There is still a group in the Pentagon that would like to see nationalization come about.

The government has decided that if necessary it will set up an industry pool of planes. Feeder lines and minor routes maintained by trunk airlines will be shut down. Planes used on these routes will be used by major carriers on the busiest routes to replace four-engine planes leased to the government.

• Cuts in Mail Pay—Most airlines are partly subsidized by air-mail pay. CAB will cut that subsidy gradually as passenger revenues—and operating profits—increase. But the cuts will be smaller than the rise in profits in order to encourage efficiency.

Four of the biggest airlines are now carrying domestic mail practically on a payment-for-services-rendered basis. So they probably wouldn't be effected by a selective cut in mail pay anyway.

a selective cut in mail pay anyway.

• What About EPT?—A big factor that has made investors hesitant about airline stocks is the possible effect of the excess-profits tax on earnings. Since most air carriers earned very little in the postwar years prior to 1949, they would be handicapped by starting from a low earnings base in computing excess profits.

However, the final version of the tax allows airlines to exempt from excess profits an amount equal to a 7% return on invested and borrowed capital. Since most airlines have a pretty heavy burden of borrowed capital, this would be particularly helpful to them.

Encouraging Earnings—You can't tell
what airlines earned in 1950 until the
companies have figured out how the
new tax will hit. But reports of earnings for early in the year show an encouraging trend.

United, for instance, reported to stockholders that it earned \$7.8-million before taxes in the first nine months of 1950, compared to \$4.6-million in the same 1949 period. American reported \$13.4-million before taxes, compared to \$7.3-million in the 1949 period. TWA, which reported income after taxes only, earned \$5-million in the first nine months of the year, compared to \$4.5-million in the same 1949 period. Eastern earned \$1.7-million after taxes, compared to about \$1.4-million the year before. These figures are temporary estimates made before the new tax, which will be retroactive to July 1.

Even if earnings go up, dividends are likely to remain conservative for a long time to come. The airlines have a lot of new equipment on order and a great many debts to pay off. The investor who looks for a high yield won't get one from airline stocks. Many Wall Streeters, however, think that the stock buyer who is interested in a capital gain may find it in this group during the next few years.



Heads Metropolitan Life

Charles G. Taylor becomes president of Metropolitan Life Insurance Co., the world's largest, on Jan. 1. He succeeds Leroy A. Lincoln who moves up to board chairman. Taylor, 67, has been Met's executive v. p. since 1944.

Exchange Merger?

San Francisco and Los Angeles stock exchanges plan to merge their facilities. Chicago's success one factor.

Two more regional stock exchanges, now on their own, are considering merging their facilities. They are the San Francisco Stock Exchange—second largest of the out-of-New York stock trading marts—and the Los Angeles Stock Exchange, fourth largest in that group.

According to a joint official statement, there are three stated reasons for the move: (1) the tremendous increase in population on the West Coast in recent years; (2) the sharp rise in the number of local investors; (3) the "better public service and broader market which inevitably would result if the two exchanges could be united into one large institution."

• Good Example—Another factor, however, is probably just as potent: the success of Chicago's new Midwest

Stock Exchange.

It was late last year (BW-Oct.29'50, p87) that the Chicago exchange was formed out of five separate markets: the old Chicago, St. Louis, Minneapolis, St. Paul, and Cleveland exchanges. And the new Midwest Stock Exchange was able to report recently that in its first year the dollar volume of deals consummated on its trading floor added up to over \$500-million. That's 154% greater than the combined business of all its components in 1949 when they were operating separately.

The two West Coast exchanges can

The two West Coast exchanges can claim no such spectacular showing this year. Though the annual dollar volumes of business transacted on the San Francisco exchange showed a gain of some 200% in the 1940-49 period, and the Los Angeles exchange gained some 400%, it seems that this year neither is going to run very far ahead

of its 1949 level.

Full-year figures aren't available yet, but in the first 11 months of 1950, the northern 'California trading mart enjoyed a volume of only some \$234,-million vs. \$250-million for all last year. Volume of the Los Angeles exchange added up to around \$199-million in the same 1950 months, considerably less than 1949's \$215-million 12-month total.

 Trading Lists—Currently, the San Francisco exchange has 351 security issues listed, the southern California market 265. And of the grand total, 137 represent issues that are also traded on the New York Stock Exchange.

Obviously, there are a lot of duplica-

tions on the two lists. Nonetheless, the San Francisco exchange has 89 exclusive listings and 65 issues that are traded in New York but not in the Los Angeles market. At the same time, Los Angeles has 28 "exclusives," and 41 listings of issues that aren't listed up in San Francisco though they are traded in New York.

One Firm, Two Offices—If the deal goes through, as many West Coasters expect, it's believed that the combine would operate as the Pacific Coast Stock Exchange. But it would maintain both northern and southern California trading floors, link them together by leased wires for a quick exchange of quotations, transactions, and the like.

FINANCE BRIEFS

The boom in municipal bonds has already cut away a substantial part of the big float that piled up earlier this year (BW-Nov.25'50,p103). Reason for the pickup: renewed fears over higher taxes and the belief that new offerings of taxexempts will drop next year.

Business and real estate loans of Federal Reserve member banks climbed to a new peak.-\$17.5-billion as of Dec. 13. The total jumped \$203-million in a week.

Private sales of securities: Big business docsn't make them all. Last week life companies bought: (1) \$300,000 Battle Creek Gas Co. bonds; (2) \$600,000 Central Chemical Corp. serial notes; (3) \$200,000 debentures of Pioneer Finance Co., financer of trailer coaches; (4) \$1.6-million of Hussmann Refrigerator Co. 44% preferred.

Pittsburgh's Mellon Bank upped capital funds by transferring \$50-million to surplus from undivided profits and reserves. The move hikes its legal loan limit about a third, permits up to \$20-million advances to a single customer. Capital now stands at \$60.1-million, surplus \$140-million.

Competitive bidders will have a crack at \$49-million of new Chicago Commonwealth Edison debentures. Proceeds will go to finance a \$370-million 1951-54 plant expansion program.

New life insurance purchases reached a record high in 1950-\$29.5-billion, according to Institute of Life Insurance. That's 24% more than in 1949, twoand-a-half times more than 10 years ago.

A record year looks certain for Libbey-Owens-Ford. Wall Street thinks 1950 earnings may run 45% to 50% ahead of 1949's old peak of \$21-million.

EASTERN'S

ATLANTIC BOND

THE PAPER THAT HELPS YOU SAVE



A good buy...always...is Eastern's Atlantic Bond. Though moderately priced, it is a quality paper...crisp and businesslike, clean in appearance, genuinely watermarked. It always takes a good impression...it always gives a good impression.

Ask for it in White, Cream or any of twelve attractive colors. You will be pleased with the quality—and the price,

> EASTERN CORPORATION BANGOR - MAINE



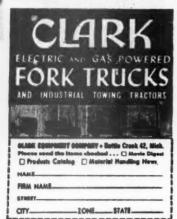
SAVE US \$28,000-PLUS EVERY YEAR"

SAYS PAINT EXECUTIVE

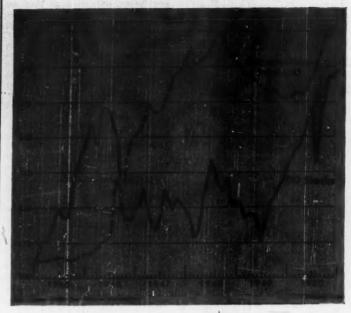
"Our three Clark fork-trucks are kept busy handling makerials in steel drums, bulky stocks of tin-plate for can-making, moving 3,000-lb. unit loads of pigment in bags, palletized loads of 70-lb. cartons of paint in containers, and other items. With these Clark machines we've cut our handling costs more than \$28,000 a year."

Frank Koast, Ass't Plant Supt. Armstrong Puint & Vernish Works, Chicago, Illinois

Handling machines that pay for themselves in less than a year's time, and that yield a profit to boot, rate your immediate and thoughtful consideration. Your interest in lowering your break-even point, in reducing accidents and damage losses, and in expanding production capacity without investment in new construction, are additional reasons why a talk with your near-by Clark dealer is a definite move in the right direction. He's ready and eager to help your-right now; the coupon below is for your convenience!



THE MARKETS



Stocks Follow Commodities

For the first time since World War II, stock and commodity prices are climbing together. Investors fear long-term inflation.

In the last few months, stock prices have been moving in the same direction as commodity prices. This is the first time since World War II that stock and commodity prices have climbed together for any length of time. It looks as if Americans are taking inflation more seriously than ever before.

For a few weeks after the North Koreans invaded South Korea, stock prices dropped while commodity prices zoomed. That's what usually happens when fighting starts. War uncertainties scare some people out of stocks into bonds or cash. But commodity traders jump into commodities, expecting shortages to drive up commodity prices.

 New Pattern—But since August, stock prices have been following commodity prices upward. That's a lot different from the pattern of other postwar bull inoves. If you look at the chart, you can see that every stock boom since the war has taken place when commodity prices were relatively stable.

But when commodity prices were rising sharply, the stock market was never able to do very well. Some investors always thought a commodity shakeout was coming, like the one that dragged down stock prices in 1920-1921. So they shifted from stocks to bonds or cash.

• Flight From Inflation—Now people are beginning to think that inflation may be a long-range affair. That makes cash and fixed-interest securities less attractive, makes common stocks more attractive. So investors bid up stock prices.

Some of this buying comes from new sources. Pension funds, for instance, are pretty well exempt from income tax. Wall Street brokers say they are becoming increasingly heavy buyers of stocks.

• Millionaires Return—During the past 15 years or so, heavy personal income taxes have made common stocks less attractive to the upper-income groups, once Wall Street's best customers. Many of these people had been buying tax-exempt municipal bonds. The prospect of long-term inflation may persuade some of this group to balance their portfolios with common stocks, in spite of the higher 1951 income taxes.

Volume of shares traded has been declining from pre-Christmas high levels. When they haven't churned

around, stock prices have declined too on most days. Bears say it's a sign that stock prices have reached their top for awhile. Bulls argue that selling to avoid heavier 1951 capital gains taxes may be hiding the fact that demand for stocks is increasing. You can tell better about that in a few days.

Working Capital Hits Peak; Debts Up, Too

Corporate working capital hit a new "dollar" high in the third quarter of 1950. But corporate liabilities rose, too. On the whole, industry ended the quarter slightly less liquid than when it started.

On Sept. 30, current assets of all American corporations (excluding banks and insurance companies) exceeded current liabilities by \$75.9-billion, according to SEC estimates issued last week. That's \$2.1-billion more than the previous working-capital peak, chalked up on June 30 (BW-Oct.21'50,p109).

• Liabilities-Despite the 2.8% rise in working capital, corporate liquidity declined somewhat for the first time in many months. For example, corporate holdings of cash and governments rose \$2.2-billion, to a new high of \$46.4billion. But current liabilities rose \$6.6-billion, to \$66.6-billion, the high-est figure ever. Thus cash and governments covered only 70% of debts on Sept. 30, compared with 73% last June.

Total current assets on Sept. 30-\$142.5-billion-also covered current liabilities only 2.14 times. Three months earlier, however, total assets of \$1/34.5billion had provided a 2.22 coverage for

Of course, these are trends it would be well to watch. But they could continue for a long time at their recent rate without causing any real concern. Bankers have long considered that in most lines a 2-for-1 current ratio is a

sign of a good liquid position.

• Strong Position—There's no doubt either that U.S. corporations as a whole are entering whatever type of war economy may lie ahead in a mighty strong financial position. Certainly, they are far better equipped than when World War II started. At the 1939 vearend, corporate working capital added up to only \$24.5-billion. Current assets covered current liabilities only 1.81 times. And cash and government bond holdings equaled a mere 24% of current debt.

There's another factor to keep in mind when comparing 1950's working capital position with that of 1939. It takes considerably more cash to make the corporate mare go now than it did

a decade ago.



• The special, formed Hackney welded chime construction provides a smooth bottom which may be easily and positively cleaned. Thus, its advantages of cleaning and sanitation are important for the shipment of many chemicals and foods

Hackney Removable Head Seamless Aluminum Bilged Barrels



Aluminum, by its very nature, is friendly to food. That's why these Hackney Barrels are such ideal containers for these and other types of products. Design and manufacture make this barrel a lightweight, sturdy, economical

-there is no place for foreign matter to lodge.

years of low-cost service. Write for full details.

Hackney Stainless Steel Drums are absolutely liquid-

tight-no chance for leakage, in or out. They are

returnable containers, promising the shipper many

Hackney Drums and Barrels also in mild steel.

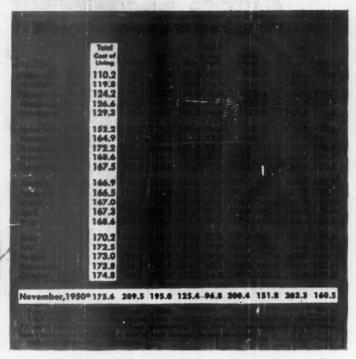
Pressed Steel Tank Company

Manufacturers of Hackney Products
1493 S. 66th Sr., Milwaskee 14 287 Hanne Bidge, Cleveland 15
1397 Vanderbilt Concourte Bidge, New York 139, Cleveland 15
208 S. LeSalle St., Room 789, Chicuge 4 • 335 Rossevelt Bidge, Les Angeles 14



CONTAINERS FOR LIQUIDS, GASES AND SOLI

LABOR



Cost-of-Living Wage Base

ESA ducks the question of defining a standard in its autopay ruling. But White House handling of rail strike indicates that cost-of-living index will be the basis of stabilization policy.

The Economic Stabilization Authority ducked the issue of wages in the auto industry case. But the White House, in settling the rail strike, clearly indicated that government wage policy will follow the cost-of-living formula.

• Meaningless—ESA's order freezing auto wages until next March means nothing. It is only a decision to make no decision on national wage policy at this time.

When GM, Ford, and Chrysler car prices were rolled back to Dec. I levels, ESA had an opportunity either to make the sliding cost-of-living wage clause the "Little Steel formula" of the emergency period or to throw it out. It did neither. But the law says that when prices are controlled, wages must be stabilized; hence, some gesture had to be made. That gesture was to order that no wage changes in the affected companies be made before Mar. 1.

• Contract Dates—The gesture is an

empty thing because the auto contracts

themselves provide for no wage change until March.

Thus the agency responsible for producing wage policy has moved no nearer its goal. And employers who are parties to cost-of-living contracts will still have to wait for some official statement as to whether their contracts will remain in force.

But while the economic stabilizers were contributing nothing to clarity on wage policy, the White House was putting a powerful prop under the cost-of-living flexible wage now so dear to union hearts.

Just before Christmas, Assistant to the President, John Steelman got a settlement in the railway wage dispute that sets the living cost index as the wage determinant for operating railway workers for three years.

"Spontaneous" strikes developing from this dispute-even while the government was nominally the operator of the roads-had tied up freight, mail, and passenger service during the holiday rush. So important had they become that President Truman used part of his nationally aired "State of Emergency" address to urge the strikers back to their inhs.

• Good Bargain—Despite the pressure Truman tried to put on the unions involved, it was generally agreed that they were in a strong position to get a good bargain. They did The yardmen got, retroactive to Oct. 1, a 23¢ an hour wage increase, to which 2¢ will be added as of Jan. 1. Road service employees got 5¢ retroactive to Oct. 1, plus 5¢ on Jan. 1. The railway operating employees got rule changes, acceptance "in principle" of the 40-hour week (to be effective Jan. 1, 1952), and wages that will be adjusted to the cost-of-living formula.

It is difficult to confirm the story that the railroad brotherhood officials got a guarantee from Steelman that their cost-of-living agreement would not be abrogated by future government policy. All present at the White House conference were abiding by their pledge of secrecy. But the brotherhood representatives are experienced and canny negotiators. It is highly unlikely that they would have accepted the cost-of-living wage without the strongest possible assurance that it would stay in force.

Hence, the rail settlement must be taken as an important sign of things to come. It strongly suggests that the White House's decisive influence will be used—if it is needed—to get a national wage policy which will leave cost-of-living formula contracts undisturbed.

• Higher Ratio—Meanwhile, a littlenoted detail of the rail settlement is worth pondering. The pattern-making General Motors wage clause provided that wages would go up 1¢ for each 1.14 point rise in the c-of-l index. While a few contracts shaded the 1:1.14 ratio one way or another, most of those written since GM's in May, 1948, have carefully followed the same adjustment terms.

Now, under White House sanction, a big agreement provides that wages will go up 1¢ when the index goes up one point. This new ratio of 1:1 gives rail workers a deal worth 14% more in a period of rising prices than that of the auto workers.

The inference seems plain: While the cost-of-living wage may not be voided by future stabilization policy, there is no assurance that its cash benefits for labor cannot be increased by the unions. The rail settlement appears to point out a way so that this can be done.

Pay for the Sick

Unions will demand this in 1951 from states without disability-insurance programs. BES reports on 1949 plans.

State legislatures will come under the guns of labor's 1951 social-insurance drive. The target: temporary disability insurance for sick workers.

At present, more than 7-million persons in four states and in the railroad industry nationally are covered by five disability insurance laws. Labor calls this coverage "woefully inadequate."

• Four States—Temporary disability in-

 Four States—Temporary disability insurance laws are now on the books in California, New Jersey, Rhode Island, and New York—which put its law into effect in mid-1950. The federal Railroad Retirement Act also provides for weekly payments for anyone unable to work because of illness.

Recently, the Bureau of Employment Security took a look at the 1949 records of the four plans in operation last year. The New York program, biggest of all, was only in the paper stage in 1949.

What BES reports is of particular interest to other states considering temporary disability insurance—and to employers in those states.

During 1949, 5.3-million workers were covered by railroad insurance laws and those of the three states. Of these, about 1.6-million in California and New Jersey were under optional private programs. BES omitted these from its survey; it checked only on the 3.7-million under state or railroad plans.

Of the latter, 418,000 workers filed claims in 1949. They collected \$62.1-million for 3-million weeks of sickness. Average weekly payments ranged from \$20.57 in New Jersey to \$23.39 on railroads.

Average duration of paid periods of sickness ranged from 6.6 weeks in New Jersey to 8.5 weeks in California.

New Jersey had seven claims per 100 covered workers; California, nine for each 100; and Rhode Island and the railroad plan, 14.8 and 14.9 for each 100. That doesn't indicate more sickness. The big difference is in the laws.

- 1% of Payroll—Taxable wages under the four plans in 1949 amounted to \$9,812-million. Under the three state laws, taxes were 1% of payroll—either paid entirely by the employer or split 50-50 with employees.

Benefits paid ranged from 25% of tax receipts in New Jersey, to 63% in California, 107.4% in Rhode Island.

Administrative costs ranged from 5.33% of tax receipts in Rhode Island, to 6.9% in California, and 7.4% in New Jersey.



Contract work of every type is a Taft-Peirce specialty. Let us show you how it can save you money. Write today for "Take It To Taft-Peirce", a 92-page pictorial tour through our vast plant: The Taft-Peirce Mfg. Co., Woonsocket, R. I.

For Engineering

Tooling

Contract Manufacturing



TAKE IT TO TAFT-PEIRCE

Will you RETIRE YOUNG ENOUGH to enjoy it?

Do you really went to work all your life?

You can take life easy a lot somer than you think. I you know there it counts is not lite, and where you can a cara a small income from a part-time business or led, you care a canali income from a part-time business or led, you can be come of the bast features of "Where to Retire on a finali lacome" is that every lown, city, or region described was selected because it offers opportunitie to get part. This book tells you where are the best piaces in the U.S. to return. It covers Florida, California, New England, the flouth, the Pacific Northwest, etc. It also includes Hawalt, the American Virgin Instance and Pacific Northwest.

With this book, you learn:

- where living copy, rests, and real estate are less (even where you can buy a farm for only \$5000); the world, yet close to neighbors; - where you can go finding all year round; where you can go bunking, boating, wimming, and always have

a good time;
where your hobby will bring you am income;

You'd spend months, pine headeds of trials joinger.
You'd spend months, pine headeds of deliars if you searched for the headeds of facts in this best on little known becauty ones, American facts on the property of the pine of the pine

Somer or later—now or in years to come—rou will want to be independent. Order today, while you think of it. Money back, of course, if you're not natisfied. Don't bother writing a letter. Bimply tear out ad, print white 'nail' address, and mail with it bill to Harian Publications. 48 First Ave. Greenlann. New York



from

OFFICE MANAGER

to

GENERAL MANAGER-

yes, that is the calibre of the personnel available to your organisation through BUSINESS WEEK'S classified advertising section. See page 55 of this issue.

clues



TOP UNION OFFICIALS at the White House include (front row, from left) G. E. Leighty, Railway Labor Executives' Assn.; Walter Reuther and Philip Murray, CIO; William Green, AFL; and Al Hayes, International Assn. of Machinists. Back row: George Harrison, AFL; Jacob Potofsky, CIO; Daniel Tracy, AFL; and James Carey, CIO.

United Front on Mobilization

Unions are convinced they lost by failure to stick together in World War II. So new policy committee aims at unanimity now.

Labor made a big mistake in World War II, it figures. It never presented a united front on manpower policy, wage stabilization, and other important issues. AFL and CIO each had a program to advance at the White House or at government agencies. Often, the differences were only minor, but they split the unions.

Looking back, top people in AFL and CIO now agree that labor missed a lot of possible gains because of that. They're determined, this time, to speak with one forceful voice.

• One for All—To this end, they've set up a new United Labor Policy Committee. It made its first public appearance last week, when it handed President Truman labor's terms for wage stabilization. What ULPC said wasn't as important as the fact that it was a unanimous program drafted by leaders of some 15-million union members. It advanced labor cooperation another important step.

The committee is made up of 14 top labor leaders: five from AFL, including William Green and George Meaney; five from CIO, including Philip Murray and Walter Reuther; and two each from the International Assn. of Machinists, representing independent unions, and the Railway Labor Executives' Assn., representing railroad brotherhoods.

The one big absentee is John L. Lewis, of the United Mine Workers. Lewis got an invitation, but turned it down cold. Several months ago, most of the same union people passed over Lewis as spokesman for independent unions on W. Stuart Symington's labor-industry-agriculture advisory committee; they picked IAM's president Al Hayes instead. Lewis' anger over this "snub" hasn't cooled yet.

Even without Lewis, the United Labor Policy Committee is strictly top drawer, and it is set up to stay that way. Only one member is allowed an alternate. James B. Carey, CIO secretary-treasurer, can substitute for Murray, who hasn't been well. The no-alternates rule is to keep the committee's influence from being watered down.

• Purpose—As a top-level body, the committee has three main objectives: (1) to give labor a chance to iron out its policy differences in privacy: (2) to give it a powerful, single-voiced spokesman on policy; and (3) to give it a more potent voice in any future business with the Democratic National Committee.

To be binding, a policy decision must be approved by unanimous vote in the committee. If it isn't, each organization in ULPC is free to say and do what it likes.

If Red, No Union

Canadian Board rules that Communist groups cannot represent labor, because bargaining is not their primary purpose.

A Communist-controlled labor organization can't qualify as a trade urion under the laws of Canada. That's because its purpose is to advance the interests of the Communist Party rather than to bargain for its members.

than to bargain for its members.

The Canadian Labour Relations
Board made that ruling recently in revoking certification of the left-wing
Canadian Seamen's Union as bargaining agent for employees of Branch
Lines, Ltd., of Sorel, Quebec. CLRB
held that CSU isn't legally a trade union
as defined in Canada's Industrial Relations & Disputes Investigation Act.

 Ship Strike—CSU, an independent union, won certification at Branch Lines in November, 1947. It called a strike that immobilized Canadian ships early in 1949. Later, it stirred up strikes of British dockworkers.

Other unions condemned these walkouts as "political," "unnecessary," and "detrimental to trade union interests." They kicked CSU out of the 80-union International Transport Workers Federation (a world body) and the Trades & Labour Congress of Canada.

& Labour Congress of Canada.

Shortly afterward, Branch Lines asked CLRB to void the CSU certification, arguing that CSU was no longer a "trade union" under the law. CLRB upheld the charge, agreeing that CSU's pattern of conduct showed that its real purposes were other than to "regulate relations between employers and employees"—as required by law.

The board emphasized that the ruling doesn't mean a union can't have political interests or affiliations. But it said politics must be subordinated to real trade union aims and activities.

• A Parallel?—The decision is of interest in the U.S. because the Canadian labor law and the Taft-Hartley act are similar in many ways. The question here is: Does the CLRB decision suggest a way of reducing the influence of left-wing unions in this country?

The answer probably is: No. The Canadian and T-H definitions of "trade union" differ in the scope they allow for union activities. Take a look at the laws:

THE PICTURES—Cover by Rus Arnold. Acme-66, 68, 73; Rus Arnold—78; Combine—74; Harris & Ewing—19 (ctr, rt.); Magnum— 76; Wide World—19 (lt.), 24.

48-Hour Week Proposed by Lovett

Defense Dept. wants the wage-hour act changed or voided for the national emergency period. Its object is to get 48 hr. of work at straight time each week from every war plant employee. And it wants that rule to go into effect by next spring.

• Cost Cutter-Robert A. Lovett, Deputy Secretary of Defense, made this explosive proposal in closed sessions of the House Armed Services Committee last week.

Lovett sees overtime pay as a major item pushing up costs and limiting the number of planes, ships, and guns that congressional appropriations can buy. The need for labor to work longer hours is an inevitable result of the manpower shortage. The unions themselves have acknowledged that. But. until last week, no one of Lóvett's stature had suggested that overtime premiums be nullified.

• Opposition—There will be bitter and protracted opposition to changing the time-anda-half provision of the law. Labor leaders will have the support of many Fair Dealers in fighting the change. They will argue that such a proposal would hurt labor productivity by making grudging workers out of the employees affected by it.

The Canadian act defines a trade union as: "An organization of employees formed for the purpose of regulating relations between employers and employees."

The T-H law defines a union as: "An organization of any kind, or any ageney or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work."

The Canadian law is specific in saying "for the purpose of regulating relations between employers and employees." T-H, on the other hand, allows unions a broader scope; it recognizes as a labor union any organization which deals even "in part . . with employers" on accepted trade union aims.



BASED ON ELWELL-PARKER'S 44 YEARS' EXPERIENCE.

this pictorial study is entitled "Industrial Logistics". It shows how you can save time, increase safety, and make NEW profits in Procurement, Production and Distribution. The illustrations present a preview of the materials handling pattern that the man can establish for you.

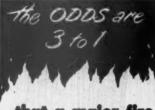
Learn about the savings being made by over 50 types of Elwell-Parkers (both gas and electric powered) in 300 branches of industry. For your copy of "Industrial Logistics", write The Elwell-Parker Electric Co., 4013 St. Clair Avenue, Cleveland 3, Ohio.

Special Booklets also available for these industries:

Food

Stamping & Forging Railroads

ELWELL-PARKER



that a major fire will cost you your business



... this brochure tells you how to be safe and save money!

Ask yourself these questions: Am I paying too much for the fire protection I'm getting? What is the most effective method of fire protection available today? You'll find the answers to these questions . . . and a host of others in Viking's new brochure, 'Fire and Your Business" sixteen pages of useful, practical information that tells you the how, when, where and why of sprinkler protection. Between the covers of this booklet is a store of information that you can apply directly to your business no matter whether it is large or small . . . information that shows you how to get the maximum in fire protection at the minimum in cost. Don't gamble with fire.

"Fire and Your Business" contains the information that will help you put the odds in your favor. Write for your copy today.

"Don't namble with fire-the odds are against you"





GEORGE BOTT, general counsel, advises employers to study NLRB rules on . . .

Legal Discharges

Bott of NLRB shows management what's needed to lay off workers without running into union-discrimination charges.

If you fire a man who has been active for, or against, a union, be sure you have "just cause" for the discharge. Otherwise, you may face a Taft-Hartley unfair-labor-practice charge. And you might have to reinstate the worker, with back pay.

 What's What—Management has long wanted to know just what is "just cause" and what is discrimination. Now, it is getting an answer. The new T-H general counsel, George J. Bott, is making public the facts behind unfair-laborpractice decisions from his office.

For instance, in recent weeks Bott has tossed out these charges of discriminatory firing:

 A very active unionist in a New Jersey insurance firm was fired for giving a woman clerk a pair of "falsies" as a gift—to her embarrassment. Bott held the discharge justifiable, and unconnected with union activity.

• A Pennsylvania insurance company fired a salesman, active in union affairs, after a warning that his sales were below par. The union charged discrimination. The company showed that the man's annual sales record was the worst in the office. Bott agreed that this was "just cause" for discharge, and that the dismissal wasn't intended to discourage union membership.

 A nonunion plumber accused a Washington (D. C.) plumbing contractor and a union of forcing him off a job because he wasn't in the union. The contractor showed that the man, along with half the employer's whole working force, was laid off when the job they were working on was completed. That, and the fact that the complainant couldn't prove the union requested the layoff, led Bott to throw out the unfair-labor-practice charge.

• A New York trucking and warehousing company fired an employee for going home at quitting time instead of working overtime until the freight car he was working on was unloaded. The employee filed a T-H complaint alleging he was fired because of union activities. The employer contended—and the union agreed—that company rules require advance notice of a refusal to work overtime to finish a job. The discharge was upheld.

• Eight clerical employees of the CIO's National Maritime Union brought unfair-labor-practice charges against NMU (as an employer) because they were laid off after a union election. NMU showed that the eight had worked actively for left-wing candidates for office. It argued that it would be "intolerable" to keep them on as employees of the rightwing after its election victory. Bott agreed: The rightwing controls the union, and therefore has the right to pick those who will work under it.

LABOR BRIEFS

More plant accidents occurred in manufacturing during the third quarter of 1950 than in any other period in BLS records. BLS blames 100,000 lost-time injuries on higher employment, a longer work week, stepped-up production.

A 43¢ wage demand was handed to Bethlehem Steel last week by CIO's shippard union, which bargains for 17,000 workers in eight East Coast yards. The company has delayed an offer, pending advice from the Wage Stabilization Board.

Christmas reminder in a Fulton Bag & Cotton Mills (Minneapolis) window two weeks before the holiday had to be removed, under a court order. CIO's textile union, on strike at the mill, got a writ barring the reminder as an "unfair" device to break its strike.

Alcoa's differential between northern and southern pay rates was pared 2¢ to 3¢ an hour last week. A new Aluminum Co. of America pact with ClO doesn't change the 10% (about 17¢) raise which Alcoa gave voluntarily in October. But it provides six paid holidays, gives southern workers an "inequity" increase.



A Portable Showroom





Color slides for use in the Kodeslide Table Viewer are easy to get. Most commercial photographers can provide them, or you can make them yourself with a Kodak miniature camera or the Kodak Flurolite Camera Combination.



Private showings of your products... or graphic delivery of your message... can be easy and effective when you equip your representatives with the Kodaslide Table Viewer. A single, self-contained unit, it projects enlarged images of 2 x 2-inch slides on its own screen, shows them bright and colorful even in a fully lighted room. All the conviction and power of excellent color pictures is added to your salesman's presentation. The complete kit, with as many slides as you need, weighs about 18 lbs., including carrying case. The Kodaslide Table Viewer is so neatly styled and so easy to operate that your men will be glad to use it, especially when they learn how much more effective it makes their sales work. Price, \$95 at Kodak dealers'. Carrying case, \$27.50.

Prices subject to change without notice. Consult your dealer.

EASTMAN KODAK COMPANY, Rochester 4, N. Y.

Kodak

GOULD-POWERED TRUCKS!

Gould "Thirty" Batteries deliver full power months after ordinary batteries have begun to slow down. That's because only Gould has the revolutionary new "Z" Plates with regenerative power-producing material that keeps renewing itself every day the truck is in usel The grid itself is 66% more resistant. Grid porosity is reduced 85%.

GOULD "THIRTY" BATTERIES
with NEW "Z" PLATES
are America's Finest Industrial Truck Batteries!



OPERATOR:
"So smooth and
easy to handle,
I don't get tired."



PRODUCTION:

**pattery trucks do more work.

**pattery trucks



PERSONNEL:
"Employees like
the quiet, odorless
battery trucks."



ACCOUNTING:

**Rattery truck cost distribution
is predictable; insurance is lower too."





SAFETY:
"Battery trucks' floor-hugging stability
and foolproof speed controls
cat accidents."

INTERNATIONAL OUTLOOK

BUSINESS WEEK DECEMBER 30, 1950



U. S. foreign policy is sure to get a thorough going-over when the new Congress meets in January.

Former President Hoover sounded the keynote for the debate when he raised this question: Is the U. S. "inviting another Kerea" by trying to defend Western Europe?

Three alternatives are open to the U.S. in the present situation. We can:

- (1) Drastically reduce our commitments in Western Europe. Britain and Japan would still be strong outposts, of course, but the big emphasis would be on the creation of an impregnable fortress in the Americas.
- (2) Go whole-hog into the defense of Europe. Begin total mobilization at once in order to man a defense line at the Elbe—the border between East and West. At the same time, warn Moscow that new Communist aggression anywhere in the world means war with the U.S.
- (3) Build up strength in Western Europe more gradually—with the idea of preventing war if possible, but keeping a toehold on the Continent in case war comes. That would mean sending U.S. forces to Europe only as fast as the Europeans rearm. That way U.S. strength wouldn't be squandered if Stalin's armies began to roll in the interim.

The Administration is leaning toward the third alternative—the gradual buildup. Here's how that kind of policy might shape up:

For the present, the U. S. wouldn't attempt to defend Europe at the Elbe, Instead, we'd plot a tight defense line running from northwest Germany through the Low Countries to the Normandy coast.

Such a line would protect the channel ports, keep France from a total cave-in. If the line held for several months, the U.S. would gain precious time to send reinforcements while mauling Russia from the air.

On the other hand, if Germany and France got plenty of troops into the field before Stalin struck, the channel line could be pushed eastward into Germany.

There's some chance the U.S. can build other strong points, too—in northern Italy and Yugoslavia, Spain, and the Far East.

Already, Marshall Tito and the Italians are discussing strategy—with our blessing. One idea: If Stalin moves through the Balkans, the main body of Tito's armles could fall back toward the Italian border.

Spain is another potential center of resistance. Already, the U.S. has appointed an ambassadar to Madrid. Military talks will follow soon.

In Korea, the U. N. forces will keep on fighting. Evacuation beach heads are to be readied at Pusan and Inchon, though: That way the entire Korean army can be moved to Japan, if necessary—another strong point.

The British and French are still sure Moscow will accept a Big Four conference.

What's more, they're nourishing hopes that 1951-will pass without an all-out war. For London and Paris think the clashing U. S. and Soviet attitudes toward Germany and Korea can be compromised at a Four Power parley.

Washington isn't that optimistic. U.S. officials not only fear the Russians will make propaganda hay out of the talks, but—worse yet—the Kremlin will try to exploit differences in Allied thinking (BW—Dec.23,'50, p67).

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK DECEMBER 30, 1950 The French are petrified over Stalin's angry reaction to German rearming.

They half-expect Russian "preventive action." So Paris will try to stall Allied talks with Bonn until after the Big Four get-together.

Meanwhile the Seviet is intensifying its war of nerves. Communists are telling the French that Stalin—like all good Europeans—is worried sick over a Nazi resurgence, based on a militarized Ruhr. He could feel secure if he controlled the Ruhr—so why not hand it over?

The U.S. can't count on a speedup in French rearmament now.

Observers in London say that if the American defense effort in Europe depends on what the French do in the next three months, the battle for Europe is well-nigh lost.

But these observers add that if the U.S. and Britain bolster their position in Europe, French morale can snap back more than anyone suspects.

The U.S. is ready to ask the U.N. to declare economic and diplomatic sanctions against Red China.

The U. N.'s political committee will get these recommendations as soon as the cease-fire committee officially brands Communist China an aggressor.

The U.S. wants:

- (1) A trade embargo by all U. N. members;
- (2) Withdrawal of all diplomatic recognition of Peiping;
- (3) A freeze on all Communist Chinese assets around the world.

These moves would bring U. N. policy in line with what Washington has already done.

Sanctions against China won't be decisive, of course. But the U.S. has no other alternative.

Washington believes the U. N. must steer a middle course between declaring Russia the aggressor, and completely abdicating its commitments in Korea. A showdown with Russia would split the U. N. But on the other hand, ignoring the Korea commitment would finish the U. N. as a security organization.

The Marshall plan-as we know it-will probably end this June.

A new "Economic Support for Rearmament" program—calling for perhaps \$3-billion—will take its place. The type of aid will be about the same as what ECA finances now; but the end use will be tied in with arms.

Each country poses a separate problem under the new scheme. Britain, for example, will get money almost solely for the purpose of boosting military production. Italy, on the other hand, still needs basic economic stuff like food.

The new \$3-billion request will be in addition to the arms-aid program.

This year's arms bill for Europe was \$5-billion; 1951's will be more.

Defense will be No. 1 on the agenda at the British Commonwealth prime ministers' meeting next week in London.

Commonwealth cohesion is still strong. But there are important regional differences: Britain and Canada think first of Atlantic defense; Asian countries and Australia feel the Far East rates top priority.

All agree on one thing, though: U. S. help is the vital element in both areas.

BUSINESS ABROAD



War Overshadows 1951 World Business

All countries outside the Soviet bloc expect feverish activity and rising prices. Material shortages and austerity will hit some.

This week the grim spectre of war hangs over most of the world. For many people, fear rather than hope will dominate the New Year. And for businessmen round the world uncertainty will be the order of the day.

Against this background BUSINESS WEEK'S correspondents abroad are summing up the business outlook from where they sit. Here's what they report:

I. Deficit Finance for France

Rearmament will dominate the French economy in 1951, probably bring a sharp inflation before the end of the year. But until the Pleven government decides just how fast it wants to rearm, French businessmen will remain in the dark as to how serious the inflationary threat really is. • Prices, Wages Up-The country al-ready feels the effect of the world rearmament boom, which was set off last summer by U.S. stockpiling. Prices of key raw material imports have soared. And that has pushed up domestic prices. According to official figures, the wholesale price index in France rose by 15% between July and October, the retail index for Paris by 14%.

Booming French exports tend to shove prices up, too. Foreign sales were 35% higher in October than September. The big increase was in sales of French raw materials and semifinished goods.

Wages in the basic industries-steel, metal-working, coal, electric power-are due to go up 8% to 10% before long. And a manpower shortage may soon add to the pressure for still bigger wage boosts. The French Army will call up at least 200,000 men next year, perhaps 500,000 within 18 months.

· Deficit Spending-France seems to be heading for more deficit financing. As a result of higher military spending, a budget deficit of 300-billion to 500billion francs is expected next year. That's after allowing for moderate tax increases, which seem to be about all the French taxpayer will stand.

· Alternative-All this is based on the assumption that France will still be rearming by mid-1951. But one thing could change the whole picture-if France became convinced that war with Russia will start in 1951. In that case, the French probably would pull out of the Atlantic Alliance and make a deal with the Russians.

II. Japan Waits on Korea

The level of business in Japan next year will depend largely on two things:
(1) whether the U. N. can negotiate a settlement with Red China; and (2) whether the U.S. can push through a Japanese peace treaty.
U.S. reverses in Korea have dimmed

the high hopes that Japanese business had when the Korean war broke out. Japan expected big Korean rehabilita-tion contracts to follow U.S. military orders. Coming on top of a booming world demand for its goods, this trade with Korea would put Japanese industry in a choice spot.

· Still Hope-Japanese businessmen haven't quite given up hopes of a Korcan settlement that would involve U. N. recognition of Red China. That, of course, would mean more trade with China. But it's obvious that Japan won't do the kind of business in Korea that had been hoped for. What's more, it looks as if Japan-China trade may be

cut off completely.

Lift by Treaty—A Japanese peace treaty would give a lift to Japan's foreign trade. For one thing, a treaty would free Japan to switch its trade from a dollar to a soft currency basis. That would make it easier to sell in world markets, especially in Southeast Asia. Devaluation of the yen might also follow a peace treaty.

The controls that Gen. MacArthur now imposes on the Japanese economy would go, too. However, it's likely that they would be replaced by a control system equally strict-modeled on the prewar setup in Japan. In that case, free competition American-style would mean as little to Japanese industry as it does today.

• Inflation Threat-Industrial activity now is above the 1932-36 level. But industry won't be able to hold this position long unless the government can do something about growing raw material

It pays to do **business** in New York State!

If you sell or buy abroad, New York State offers every facility for expediting imports and exports. The Port of New York and the Empire State's ports on the Great Lakes, St. Lawrence, and Hudson handle nearly half the nation's dollar volume of foreign commerce. In New York City alone, 250,000 people, from bankers to stevedores are actively engaged in foreign trade. When you locate in New York State, you're in the market place of the world. For more information, write to N. Y. State Dept. of Commerce, Room 125, 112 State St., Albany 7. New York.



A STRAY bolt in the corn flakes breaks a tooth . . . a rusty nall in the feed brings death to a valuable steer . . . a chunk of metal in a plastic preform ruins a costly die.

metal in a plastic preform rains a costly die.

Some sue ... some buy cleswhere ... especially they buy where products are protected
against damaging metal inclusions by:

An ECA Revender Metel Detecter ... the
electronic eye sees all metal ... warns, marks,
raincts. recents.

rejects, protects.

An Eries Magnetic Separator . . . perma nent non-electric, or electromagnetic types. Costs little to install, little or nothing to operate... seises all tramp iron in loose or liquid material. Dozens of models and scores of applications engineered for many industries

Don't let tramp metal drive you frantic.

Ask Eries Manufacturing Company for detailed engineering information on protection.



MANUFACTURING COMPANY

286 State Street, Erie, Pa. ve Distributors in U.S. and Car

BLECTRONIC METAL DETECTORS

shortages. Inflation is threatening the Japanese economy, too. Prices of some consumer goods have gone up almost 100% since Korea. The average increase is about 30%.

III. Multiple Money for Brazil

A move setting up a multiple ex-change rate for the Brazilian cruzeiro looks like a good bet for early 1951. Such a move would make a big difference to businessmen in Brazil and to traders in foreign countries who do business there.

Here's what incoming President Vargas seems to have in mind:

The cruzeiro will be devalued for exports of Brazilian forest productsexcept for coffee.

The exchange rate for coffee exports will be rigged so that the dollar price is maintained, or even raised.

• Import Rate-There will be a special rate for imports of consumer goods-perhaps 35 to the U.S. dollar as against the present official rate of 19. At the same time, government import curbs

will be taken off consumer goods.

What Vargas apparently wants is to push exports and let most imports come in freely, though at higher prices in Brazilian money. It's hoped that this will help some to curb inflation. In Brazil's Il largest cities, the cost of living has gone up 37% during the past two years.

· Flourishing-In the meantime, Brazilian busine's is booming. Rio de Janeiro is sprouting rakish new apart-ment houses everywhere. In Sao Paulo, industrial capital of the country, excise tax collections on 29 leading industries recently have been running 23% ahead of 1949. In the Sao Paulo area, there is no unemployment. There's not much labor unrest, either, even though wages have not kept pace with the rise in living costs. Production cutbacks are being forecast, however, because of growing shortages in industrial materials, especially metals.

Political warfare in Brazil has all but ceased in the face of the present world crisis. Opponents of former dictator Vargas have decided that the times call for national unity.

IV. Argentina Hopeful

Argentina expects to get more dollars-but fewer of the goods that dollars buy-as world rearmament gets up steam.

Argentine hides, wool, and foodstuffs will be plentiful during 1951-and they'll find ready export markets at steadily rising prices. The wool clip, now under way, is rated excellent by some trade circles. Grain plantings are up, crop forecasts high. Plenty of cattle are ranging the pampas. And

they'll be a lot heavier when they trek to market, thanks to an official limit on

the number of young stock slaughtered.

• Raw Materials—But Argentines need manufactured goods, and raw materials for home industries, in the worst way. And supplies are sure to be skimpy, even though Washington promises Latin Americans an equal crack at U.S.

Dollars may pour in later, but shortage of them is plaguing Argentina now, despite the recent \$125-million U.S. loan and a boom in dollar sales since summer. Buenos Aires still is way behind in paying off commercial debts in the U.S. Hence the Peron government has refused to ease dollar curbs to any appreciable extent.



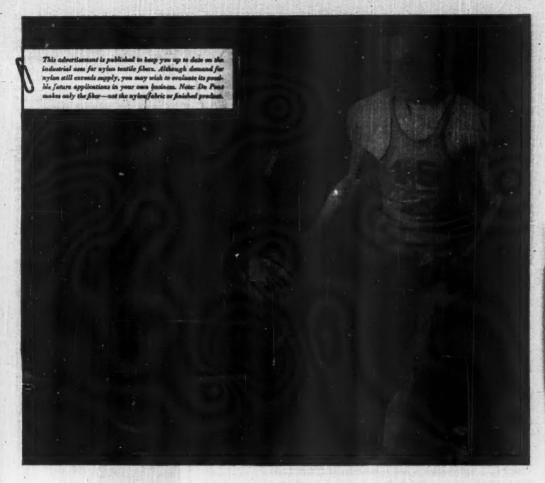
IET BOMBER wing takes shape as . . .

V. Britain Rearms

British businessmen are proud of 1950, the year that put Britain over the economic hump. Trade has come back into balance as each passing month brought a record output in the export industries. Marshall aid is no longer necessary now that the dollar deficit has nearly disappeared (BW-Dec.23 50,p69).

But British industry knows that 1951 will be different. The danger of war is beginning to sink in. There's talk-even from Labor-of a coalition government to meet the threat. Britons are heartsick at the prospect, but they're getting set to batten down the hatches once

• Rearm and Export-Britain has two main objectives for 1951: rearm and export. Right now, neither has priority in government planning-but the balance ultimately is sure to swing to arms. British economists figure the



HOW NYLON KEEPS BOUNCE FROM DRIBBLING AWAY

That nylon-reinforced basketball can take the dead weight of a ten-ton truck and go into play in perfect shape and as lively as ever. It's an example of nylon's remarkable properties that may give you an idea for a product you're interested in.

The ball is made by vulcanizing a layer of nylon cord between the bladder and cover. Nylon's strength plus resiliency gives it the ability to snap back after distortion. The result is a basketball that doesn't develop dead spots or become lopsided . . . that keeps its lively bounce far longer

than an ordinary ball.

Perhaps Du Pont nylon fibers can help you make a better product. Or think how you can use nylon's combination of properties in some other way. You may be able to improve on present production processes even make a new product.

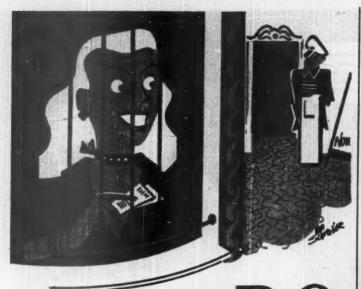
In addition to its all-around toughness and flexibility, nylon resists weakening by mildew, soil and marine rot, alkalies and petroleum oils. And nylon fabrics can be heat-set to hold shape. Ness Booklet: "Nyton Textile Fibers in Industry" brings businessmen up-to-dute on nyton's perfermance is industry. Contains 23 case histories. Wrists for year capy, And tell us your fabric or fiber problems. Address Nyton Division (113), E. I. da Pont de Nassoure & Co. (Inc.), Wilmington, Del.

NYLON FIBERS



BETTER THINGS FOR BETTER LIVING

For nylon...for rayon...for fibers to come...look to Du Pont



Biggest B.O. news since reserved seats!

Taking inventory of unused tickets, and counting turnedin tickets as a check against receipts... have always been box office headaches. Now the New Year's Day admissions to the Rose Bowl could be counted in little more than an hour—by the Tickometer!

The Tickometer counts (and optionally imprints) all kinds of paper forms . . . tickets, tabs, sales slips, currency, checks, coupons . . . automatically and accurately, at 500 to 1,000 items per minute—far faster than the most experienced manual checker in any business. It's saving time and money in hundreds of business and financial houses, transport and amusement companies.

The Tickometer is rented—never sold, needs no large expenditure or outlay. To learn more about it, call the nearest PB office, or write direct for illustrated booklet.

Pitney-Bowes TICKOMETER

Made by the originators of the postage meter . offices in 93 cities in U.S. and Canada.

ooklet to:
ookies to.



double strain will show to what limit their already-taut economy can be stretched.

Shortages of key raw materials are already starting to cause shut-downs, slow-downs, jerky production flow. Coal and power shortages are imminent. On top of this, Chancellor Gaitskell wants a 15% boost in exports—to pay for the high-price raw materials Britain must buy abroad.

• More Austerity—The inevitable consequence of rearmament and increased exports is less goods for the homefolk and another dose of austerity. And there will be more strident shouts for wage increases, now that 1950's big jump in wholesale prices is starting to show up in consumer goods. This week Britons are looking aghast at their Christmas-shopping bills. But they were determined that Christmas 1950 would be a good one.



BEGGARS reach for food as . . .

VI. Famine Hits India

In 1951, India will make its greatest effort yet to grow more food. Indians figure that if they can cut food imports, the way will be clear to buy desperately needed machinery abroad for agricultural and industrial development.

The outlook isn't good. Right now, India faces its usual famine, brought on by earthquakes, droughts, floods, locusts. There's a cereal deficit of 5-million tons; and Australian wheat ships bound for Britain are being diverted to India.

Nehru's government has pledged itself to achieve self-sufficiency in food by March, 1952. But critics say flatly that it's impossible—by 1952 or any other year. They feel India must depend indefinitely on U.S. food—cither

at very cheap prices or as outright gifts.

• Pakistan Rift-Efforts to grow more export crops like jute and cotton have cut into food acreage. The trade deadlock and political rift with Pakistan, a producer of jute and cotton, hasn't helped any.

Two bright spots: Indian steel and cement production are showing a steady

upward climb.

The India-Pakistan split remains a big weakness in the economic life of South Asia. Chances are the growing Communist threat during 1951 will help drive the two countries together towards a sensibly integrated economy.

VII. Handicap Down Under

Australia is facing the necessity of a major rearmament program with a heavy millstone around its neck. Postwar shortages of labor, equipment, raw materials, housing, and transport have been troublesome enough in a peacetime econ-omy. Diversion of these limited resources to national defense will make for real hardship.

· Double Reverse-Only last month, five years after V-J Day, Melbourne's Commonwealth Aircraft Corp. managed to complete a changeover from bombers to bathtubs. Now Commonwealth has

to plan for bombers again. The production outlook in basic industry is especially bleak. Coal is 20% short of peacetime demand. Steel today meets only 50% of demand, but can be boosted to 75%. Timber, bricks, and cement-all vital for housing-will remain short. So the government will subsidize imports of prefab dwellings from

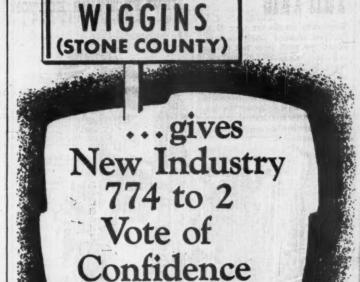
Australians will have to ressurrect wartime controls. But even price controls won't be able to halt inflation right off the bat. Wage increases since Dec. 1 will soon show up in higher prices. Another round in 1951 could boost prices

- 20% to 25% by yearend.

 No Change in Pound—The government has announced flatly that it won't revalue the Australian pound. Most of its excess value has already been squeczed out by internal price jumps any way. Still, Aussie newspapers will continue to plug for revaluation. It would cheapen imported newsprint, and save many a struggling paper. Remember that, when you hear revaluation rumors
- · Bright Spot-The one bright spot is wool. Next year's wool clip will be about the same size as the 1949-1950 clip, but higher world prices should boost the take to over \$1-billion.

VIII. Sweden Sits Tight

There has been no speedup in Sweden's arms program, and none seems to be in the cards right away;



On July 1, 1950, the citizens of Stone County, Mississippi, voted 774 to 2 to issue \$65,000 in industrial bonds to purchase a site and construct a building for the Wiggins Veneer Company, Inc.

This election was held under Mississippi's exclusive BAWI plan, which authorizes political sub-divisions to issue bonds to purchase plant sites and construct buildings for acceptable industries seeking new locations.

This vote by Stone County citizens is typical of the attitude of Mississippians—towards new in-dustrial enterprises.

The \$65,000 invested by the people of Stone County will represent a savings of initial capital outlay for the Wiggins Veneer Company. But even more important to the

success of this company's new ven-ture is the overwhelming vote of confidence it received from the

Stone County is but one of many counties which have successfully voted industrial bonds under the BAWI plan. No matter what you manufacture, BAWI offers you assistance in establishing a plant.

You can also count on ready assistance with your problems from the Agricultural and Industrial Board, composed of non-paid busi-ness, government and professional men who are anxious to help you make your Mississippi industrial venture a success. For information on Mississippi's rapid growth and the factors that make it possible, write for the new booklet-"Inside Mississippi."

For Specific Information as to How Mississippi's BAWI Plan Can Provide a Building and Plant Site for Your Industry . . . Call or Write

AGRICULTURAL AND Jackson, Mississippi

Winterizing recalls the time Davy Crockett climbed Daybreak Hill. Found the earth froze fast on her axis; sun congealed in his own sweat. So Davy took a ton of bear oil: worked it in his hands 'till it melted over sun's face and earth's axis. Then he give earth's cogwheel a backward kick to loosen the sun. Earth grunted and started to turn. Dawn broke late but mighty beautiful that January morning,



made adequate lubrication increasingly difficult and essential. Unhappily, like bear oil, even the best organic lubricants are still tied to the weather's apron strings; none is useful at both high and low temperatures; none is serviceable for long at 250°-500°F.

That's why Dow Corning Silicone oils and greases are among the Fabulous Facts of our times. They're practically unchanged by tropic heat or arctic cold. They make oven conveyor systems operable without continuous maintenance; offer a potential saving of \$45,000,000 a year in the bearings of industrial motors alone; make permanent lubrication a practical reality.

Dow Corning Silicones Mean Business

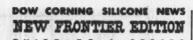
Write today for Catalog E-24

DOW CORNING CORPORATION MIDLAND, MICHIGAN

Atlanta . Chicago . Cleveland . Dallas Les Angeles · New York · Washington, D. C. TORONTO: Pibergias Canada Ltd. LONDON: Midland Silicones Ltd. PARIS: St. Gobain, Chauny de Cirey.

IF YOU WEAR GLASSES try Sight Savers and see how well silicones clean, polish and protect eyeglasses. SIGHT SAVERS are the new, popular Dow Corning Silicone treated tissues that KEEP YOUR GLASSES CLEANER.

10c at all drug and tobacca counters.







but the country may be plagued with

shortages in 1951, nonetheless.

Coal Problem—The big problem for Sweden is coal. Poland and Britain are its main suppliers. Since British shipments will be cut from 1-million tons in 1950 to 500,000 tons in 1951, Sweden is desperately trying to get all it can from Poland. Swedish pulp manufacturers are diverting part of their output to the Poles so that they can be sure of enough coal for their mills.

· Bargaining-The Swedes are using newsprint as a lever in bargaining with the British. Although this won't bring them all the British coal they want, it will bring them more steel. They've been promised 100,000 tons of British steel next year, or twice the 1950 total.

· Exports-Bright prospects for the pulp producers are dampened somewhat by the export levies the government has imposed. These levies cream about \$25 to \$30 off every ton sold abroad. What's more, pulp producers who have no forests or have to nurse their stands, will be hard hit. Pulp wood prices have gone up by 60% to 70% since summer.

• Price Advantage-Steel companies are reaping a big dividend in foreign markets. Foreign sheet prices today are 65% above the Swedish level; the differential for structural shapes is 30%.

Businessmen are sure that everything Sweden can produce for export-pulp, paper, lumber, iron ore, specialty steels—will be sold profitably in 1951. Despite the threat of shortages, no industrial slowdown is yet in sight. More-over, the average Swede will not feel the pinch from rising prices until well into next year,



TOOLS lead parade of . . .

IX. More German Goods

West German production and exports can't help but move up during 1951-provided the Soviets stay on their

side of the Iron Curtain. Germany's neighbors will continue to look across the Alps and the Rhine to satisfy demands created by their rearmament

The Germans did O.K. this year. Machinery exports, for example, were triple the 1949 figure, with tools (picture, page 78) leading the parade.

. The export demand can be counted on to keep output rising-despite raw material shortages. Besides, if the Germans get in economic trouble, they'll probably get United States aid in order to keep up their capacity for defense

production.

• 10% for Defense-The Allies have told the Bonn government to prepare to contribute 10% of Germany's gross national product for defense. But what with budgetary troubles, materials shortages, and housing costs, Allied observers think the Germans lack the reserves and financial resiliency to comply.

· Coal Shortage-The Germans are fighting a severe coal shortage this winter. But at the same time they must keep up to the International Ruhr Authority's coal export quotas. So only more production, not less exports, can satisfy home demand. Also, the Germans would like to cut back their steel exports. They would much rather export finished goods than unfinished steel; thus they would keep their metalworking plants busy.

Some union trouble is due-but it won't be about wages. Now that German big business is back in the saddle, the unions want worker representation-50-50 with management-on company boards of directors. A showdown may come by Spring, and that, plus the rearmament issue, could force the Conservative coalition at Bonn to

BUSINESS ABROAD BRIEFS

bring in the Socialists.

Traffic-bound Rio de Ianeiro is thinking about subways. The city administration has called in Cie. Chemin de Fer Metropolitain de Paris-France's "Metro" subway company-for a \$150,-000 survey of subway possibilities.

Puerto Rican housing got a \$28-million boost from the Federal Housing Administration. The loan, one of FHA's largest, will help Long Construction Co., Charleston, S. C., build 3,530 new living units on the island.

Germans are anxious to get back into North Atlantic shipping. A German firm is planning to charter two Home Lines ships-the Argentina and the Brasil-now plying between Italy and South America.

ADVERTISERS IN THIS ISSUE

Business Week-December 30, 1950

ALLEN-BRADLEY CO	MARINE MIDLAND TRUST CO. OF N. Y 37 Agency—Batton, Barton, Duratino & Osbora, Inc.
ALLIS-CHALMERS MANUFACTURING CO. 2-3 Agency-Compton Advertising, Inc.	THE MINNEAPOLIS & ST. LOUIS RAILWAY 59 Agency—Addison Lewis & Assoc.
AMERICAN AIR FILTER CO	AISSISSIPPI A. & I. BOARD
Agency—The Griswold-Eahleman Co. AMERICAN BLOWER CORP	MODINE MANUFACTURING CO
	MONSANTO CHEMICAL CO 4th Cover Agency—Gardner Advertising Co.
AMERICAN OPTICAL CO	MOSINEE PAPER MILLS CO
"AUTOMATIC" SPRINKLER CORP. OF AMERICA	NATIONAL BLANK BOOK CO
BALTIMORE & OHIO RAILROAD 51 AgencyThe Bichard A. Foley Adv. Agency, inc.	NATIONAL CITY BANK OF N. Y
BITUMINOUS COAL INSTITUTE	N. Y. STATE DEPT. OF COMMERCE 74 Agency—Batten, Barton, Durstins & Osborn, Inc.
THE E. W. BUSCHMAN CO	OKLAHOMA PLANNING & RESOURCES
BYRON WESTON CO	Agency Erwin, Wassy & Co. of the South
CELANESE CORP. OF AMERICA 3rd Cover Agency-Ellington & Co., Inc.	PHILLIPS PETROLEUM CO
	PITNEY-BOWES, INC
CLARK INDUSTRIAL TRUCK DIV., CLARK EQUIPMENT COMPANY 62 Agency—Gebbardt & Brockson, Inc.	PRESSED STEEL TANK CO
CLECO DIV. OF REED ROLLER BIT CO 48 Agency Brennan Adv. Co.	RAYONIER, INC
CLUES 55	RELIANCE ELECTRIC & ENGINEERING
COLD METAL PRODUCTS CO	Agency—Meldrum & Fewsmith, Inc.
COLUMBIA BROADCASTING SYSTEM, INC. 40-41 Agency—McCann-Brickson, Inc.	JOHN A. ROEBLING'S SONS CO
THE COOPER-BESSEMER CORP	ROYAL TYPEWRITER CO., INC
DOW CORNING CORP	THE SHEFFIELD CORP
E. I. du PONT de NEMOURS & CO 75 AgencyBatten, Barton, Durstine & Osborn, Inc.	SPERRY GYROSCOPE CO
Agency-Batten, Barton, Durstine & Osborn, Inc. EASTERN CORP	THE STURGIS POSTURE CHAIR CO 52 Agency—Blaco Adv. Agency
	TAFT-PEIRCE MFG. CO
EASTMAN KODAK CO	THE TEXAS CO
Agency-The Hayless-Kerr Co.	TINNERMAN PRODUCTS, INC
Agency-John Mather Lupton Co., Inc.	TODO CO. INC
FINNELL SYSTEM, INC	TOWMOTOR CORP. 4
GENERAL MOTORS CORP., ELECTRO MOTIVE DIV	UNITED AIRCRAFT CORP
GOULD-NATIONAL BATTERIES, INC 70 Agency-Hutchins Adv. Co., Inc.	UNITED GAS PIPE LINE CO
GUNNISON HOMES, INC	
HARIAN PUBLICATIONS	VIKING CORP
HARNISCHFEGER CORP 49	Agency-The Griswold-Eshleman Co.
Agency—The Buchen Co.	WESSTER ELECTRIC CO
INTERNATIONAL TELEPHONE & TELEGRAPH CORP	WESTINGHOUSE AIR BRAKE CO
KELLER TOOL COMPANY	Agency—The Fensholt Co. 54
LIBERTY MUTUAL INSURANCE CO 14 Agency-Batten, Barton, Durstine & Osborn, Inc.	WYANDOTTE CHEMICAL CORP 6

Our Economic Mobilization Dilemma

The President's declaration of a national emergency signaled a sharp stepping up of our mobilization effort. Three matters need immediate action: military manpower, war production, and inflation control.

Military manpower can be made available as swiftly as needed through means already in operation. We know how to equip these men, too, as soon as the armed services decide what they want and tell it to chief mobilizer Wilson. To do these things and protect the economy from virulent inflation is the really tough problem we face.

The facts of this menace are plain. Our defense budget for this fiscal year has been more than tripled to \$42-billion. Adding in foreign aid, atomic energy and allied programs, the over-all figure approaches \$50-billion. That is about 15% of our total national output. Next year we may expect further increases to enlarge this share to 20% or more. With our people devoting up to one-fifth of their productive effort to things they can't buy, we are in for trouble with inflation.

In some ways we are in a better position to start serious rearming now than we were 10 years ago: We have more plant capacity, a larger flow of critical materials like steel, and more skilled labor. Also our civilian economy is in good shape in durable goods and housing.

In other ways we are worse off: We do not have the large volume of unemployed labor to give mobility to our labor force. We have little by way of idle plants. It will be harder to cut back from the high civilian standard of life that people are accustomed to now than it was to maintain and improve the relatively lower standard of 1939.

The net of all this is that getting war production this time should be easier, but getting expansion in over-all production will be much harder. That means the inflation problem is much tougher.

The job is made stickier by the fact that we must fit an urgent short-run rearmament into a long-run plan of military readiness. This is an entirely new situation in the history of this country. We are engaged in both a sprint and a marathon. We must move speedily to bring our military readiness up to a minimum level right away. But since we are not engaged with the main foe along struggle. That means we must provide for expanded productive capacity. Without that, civilian supply will suffer badly over the long pull.

The job then is to cut deeply now into civilian consumption to achieve both these short and long run objectives. This will aggravate the inflation problem and it will cut into living standards.

One thing must be clear: If the inflation line is to be held, we must give up attempts to hold the standard-of-living line.

This proposition runs squarely into two widely

accepted concepts: the escalator clause in wage contracts and the parity price formula for farm support. Both these ideas seek to maintain the living standards of workers and farmers. They were designed for times of expanding over-all civilian production. They don't fit today. Everybody's standard of living is in for a cut.

To work out this problem in our complex society is far from simple, however. Take the case of labor, for example. In a full employment defense economy such as ours, wages are under strong upward pressure. Since wages and other employee compensation make up well over 70% of all business costs, the relation between these costs and rising prices is obvious.

But it is already clear that any attempts at wage control are going to be in terms of "stabilization." This can mean any rate of increase just so it is stable; i.e., not erratic. The concept is usually geared to the cost-of-living index.

This brings us squarely use against the fact that wage "stabilization" means general price control and, in the end, rationing. But at this stage there is no evidence that the American people are ready to accept such controls. This is one of the thorniest of the many dilemmas confronting our economic mobilizers today.

Whatever price and wage controls can contribute to holding down costs and stabilizing incomes in the hands of workers and suppliers will be but part of the main effort to hold down demand. To cut demand by civilians as the government takes a larger share of output requires striking at our spending power by new taxes—personal income taxes, excises, and drastic purchase taxes. Coupled with that must be tight credit and fiscal policies to prevent creation of new purchasing

A successful attack on inflation will require all the weapons in our armory. It's time to get them ready.

Mr. Wu Goes Home

After berating the United States and wishing us a Merry Christmas in the same breath, Mr. Wu and his troupe from Communist China flew off home. What this Oriental thinks inside his inscrutable shell, only Mr. Wu knows. In theory at least he detests us and all our works. He would like to throw us out of Korea, out of Formosa, out of Asia, and—presumably—all our capitalist goods with us.

Yet he bade us goodbye amid a pile of Christmas packages chosen from our abundance. He took back 857 kilos of it, almost a ton. It cost him \$1,600 in excess baggage charges alone. Whether Mr. Wu wants these capitalist goods to cheer the sparse regime of a communist revolutionary or to copy for communism's benefit, we do not know. But we do know that, regardless of his hatred for capitalism's roots, Mr. Wu shows lively admiration for its fruits.



"GLO-COATER" IS CELANESE ACETATE PLASTIC

You've seen the handsome Glo Coater nationally advertised, in newspapers, magazines and on television! It is being featured in a combination offer with Johnson's Glo-Coat.

Credit its attractive appearance to good design and to the fact that it is molded of smooth-surfaced, chipproof Celanese acetate plastic. The wooden handle forms a friction fit with the molded socket and the aluminum insert snaps in firmly. The brilliant color is clear through. Altogether, it should help to make many new friends for Johnson Glo-Coat.

Are you planning a promotion for your product? Keep in mind the quality and cost advantages to be had through Celanese fast molding acetate. It's a premium plastic in more ways than one. Your Celanese representative can give you technical and practical assistance. Celanese Corporation of America, Plastica Division, Dept. 29-L.180 Madison Avenue, New York 16, N. Y. In Canada: Canadian Cellulose Products Ltd., Montreal and Toronto.



Molded by Milwaukee Plastics Inc., Milwaukee, Wis. and General Electric Company, Decatur, Illinois

Celanese

Reg. U. S. Pat. Off



How to look '51 in the face

To be successful, a businessman doesn't have to be a wonder boy. In fact, the sooner he stops wondering and starts knowing, the sooner he's able to face the future with confidence. That's the way to look at '51.

The business of looking, learning and knowing never ends. Every day, executives who previously felt they had licked all their problems look again—continually find much in chemistry that's new and helpful.

Monsanto chemicals and plastics serve industry over a broad front. They contribute to processing and converting raw materials—to almost every stage of manufacture—to fabricating and finishing metals, wood, plastics, textiles, paper—to making products that are more serviceable, better looking, more

appealing—to packaging, shipping, selling. Also, they contribute to profits! In this service to industry, Monsanto stands pre-eminent. It is a 50-year-old, world-wide organization, producing hundreds of chemicals and plastics used in the manufacture, processing and formulation of more than 25,000 final products in everyday use.

If you are a businessman facing up to the future, look to Monsanto for help in '51— and beyond. Remember . . . Monsanto has undoubtedly developed many new chemicals and applications since your last look.

Monsanto Chemical Company, 1724 South Second Street, St. Louis 4, Missouri. In Canada: Monsanto (Canada) Limited, Montreal and Vancouver.

Look here for '51 proffts

The following list of industries served by Mossanto is only typical. Write for information on chemicals and plastics that will help you improve your products, production, sales, profits.

Accuses vor . . . 45 Monsanto products, including insecticides, herbicides, food wrappings, preservatives.

AUTOMOTIVE ... 60 Monsanto products, including plastic molding compounds, rubber accelerators and antioxidants, petroleum additives, finishes, coatings, lacquers, safety glass.

custocal. PROCESSING ... 72. Monsanto products, including an unusually wide range of heavy and fine chemicals, intermediates, acids, phosphorus products.

construction... 27 Monanto products, including plywood glues, wood preservatives, laminating resins, plastic molding compounds, primers, sealers.

Monsanto products, including saccharis, caffeine, calcium phosphates, phosphoric acid, penicillin precursors, antihistamines.

POOD and SEVERAGE... 42 Monsanto products, including insecticides, leavening agents, flavor principles, food wrappings, preservatives.

PARTY and SURFACE COATINGS ... 59
Monanto products, including a wide range of plasticisers, melantine and urea resins, special aircraft coatings Same retardants, lampblack, deodorana.

PLASTICS... 57 Monsanto products, including styrene plastics, laminating resins, urea, melamine resins, textile resins, vinyl plastics, rigid transparent packaging materials, safety glas laminastes.

TREVILE... 57 Monsanto products, including special textile chemicals for wrindle and crush resistance, spinning, slashing and weaving economies, cleaning, scouring, coating.



Serving Industry ... Which Serves Manhied